

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**



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**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

Parcel 1 through 2, inclusive, of lot line adjustment No. LLA-2006-01 in The City of Lake Forest, County of Orange, State of California, recorded March 7, 2007, as instrument No. 2007000146261 of official records of said county.

Parcel 2 of lot line adjustment No. LLA-2002-02 in the City of Lake Forest, County of Orange, State of California, recorded October 20, 2002, as instrument No. 20020948495 of official records of said county.

Parcel B of Parcel Map No. 97-173 as shown on a map field in book 301, pages 43,44 and 45, of parcel maps in the office of the County Recorder of said county. All of Tract No. 16224 as shown on a map filed in book 824, pages 36 through 41, inclusive, of miscellaneous maps in the office of the County Recorder of said county. Lot 8 of Tract No. 14792 as shown on a map field in book 713, pages 12 through 18, inclusive, of miscellaneous maps in the office of the County Recorder of said County.

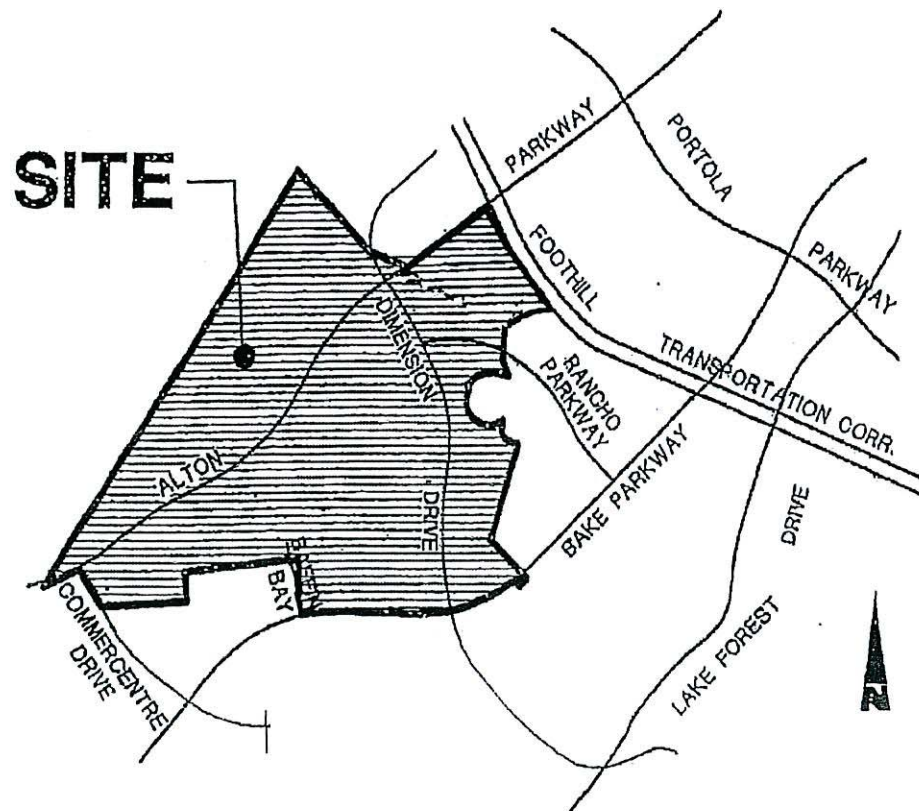


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**EXHIBIT B**  
**MAP OF PROPERTY**



EXHIBIT B  
MAP OF PROPERTY





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**EXHIBIT C**  
**PROJECT DESCRIPTION**



## **EXHIBIT C**

### **PROJECT DESCRIPTION**

The Shea Baker Ranch Project proposes a change in land use for approximately 386.8 acres in the City of Lake Forest from Urban Activity – Business Park to residential and mixed use as part of the Lake Forest Opportunities Study. The residential portion of the master plan envisions low and low-medium density neighborhoods of detached and attached homes served by amenities such as recreation centers, neighborhood parks, linear parks and trail systems. The master plan also includes a mixed-use component which anticipates commercial and higher density residential uses including apartments. While the overall master plan currently anticipates approximately 1,900 residential units and 90,000 sf of commercial uses, the actual number of units and commercial square footage remain subject to City of Lake Forest approval of the land use entitlements for the project including a General Plan Amendment, Zone Change, Development Agreement and final maps.



## EXHIBIT D

### CFD PARAMETERS

- 1) Community Facilities District ("CFD") shall encompass Owner's Property and may include multiple improvement areas corresponding to the development phases of the Owner's Project.
- 2) One or more series of bonds shall be issued by the CFD. A minimum of 3 to 1 value-to-lien ratio shall be required to issue bonds. If Project does not satisfy the minimum 3 to 1 value-to-lien requirement, then Owner may choose to request lead agency to:
  - a) issue a subsequent series of bonds such that the current bond issue meets the value to lien requirement,
  - b) post a letter of credit to cover the portion of the CFD bonds not supported by the value to lien requirement, or
  - c) escrow a portion of the CFD bonds not supported by the value to lien requirement.
- 3) If the City is the CFD lead agency, the CFD shall fund certain City priority improvements including sports park land, sports park improvements and some LFTM improvements. District's School Facilities shall have subordinated priority to the City priority improvements. If Owner advances monies before CFD bond proceeds are paid to District to fund school mitigation amounts, then Owner shall be reimbursed for such advances when CFD bond proceeds are paid to the District for funding of School Facilities.
- 4) Other CFD terms, special taxes and CFD bond sizing criteria shall consist of the following:
  - a) The special taxes shall be levied in the following priority to satisfy the total annual "special tax requirement" of each CFD or improvement area:
    - i) First, from "Developed Property" (i.e., parcels with building permits issued prior to May 1 of the preceding fiscal year);
    - ii) Second, from "Approved Property" (i.e., parcels within a final map recorded prior to January 1 of the prior fiscal year); and
    - iii) Third, from "Undeveloped Property" (i.e., all other taxable property).
  - b) Developed Property special tax categories shall be based on house square footage, lot size, density ranges or other acceptable categorization elected by the Owner.
  - c) CFD bonds shall have a minimum 30 year term.
  - d) Special taxes may be levied for up to 40 years.
  - e) At the Owner's election, special tax amounts will escalate at a rate of 2% per year and debt service on associated CFD bonds will escalate accordingly.



- f) Each bond issue shall include up to 24 months capitalized interest or, at the Owner's election, a lesser amount.
- g) \$25,000 per year priority administrative expense for each CFD with a maximum escalation of 2% per year.
- h) Bonds to be sized based on maximum 110% debt service coverage ratio plus priority administrative expense.
- i) Up to 2% total property tax rate, at the Owner's election.
- j) Prior to a bond issue, special taxes shall be levied on Developed Property to directly fund the CFD eligible facilities, but not on Approved Property or Undeveloped Property.
- k) After a bond issue, special taxes shall be levied on Developed Property in excess of that amount required to pay CFD administrative expenses and debt service on outstanding bonds and applied to directly fund additional costs of CFD eligible facilities.

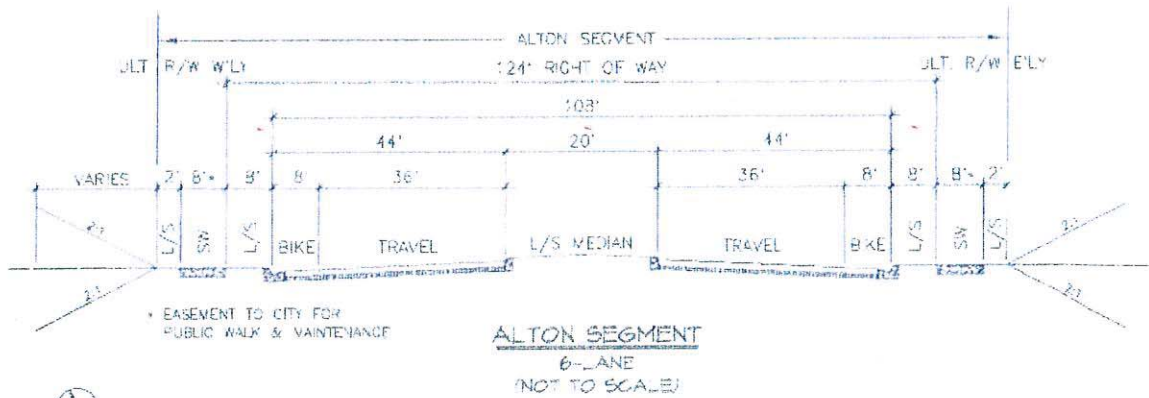
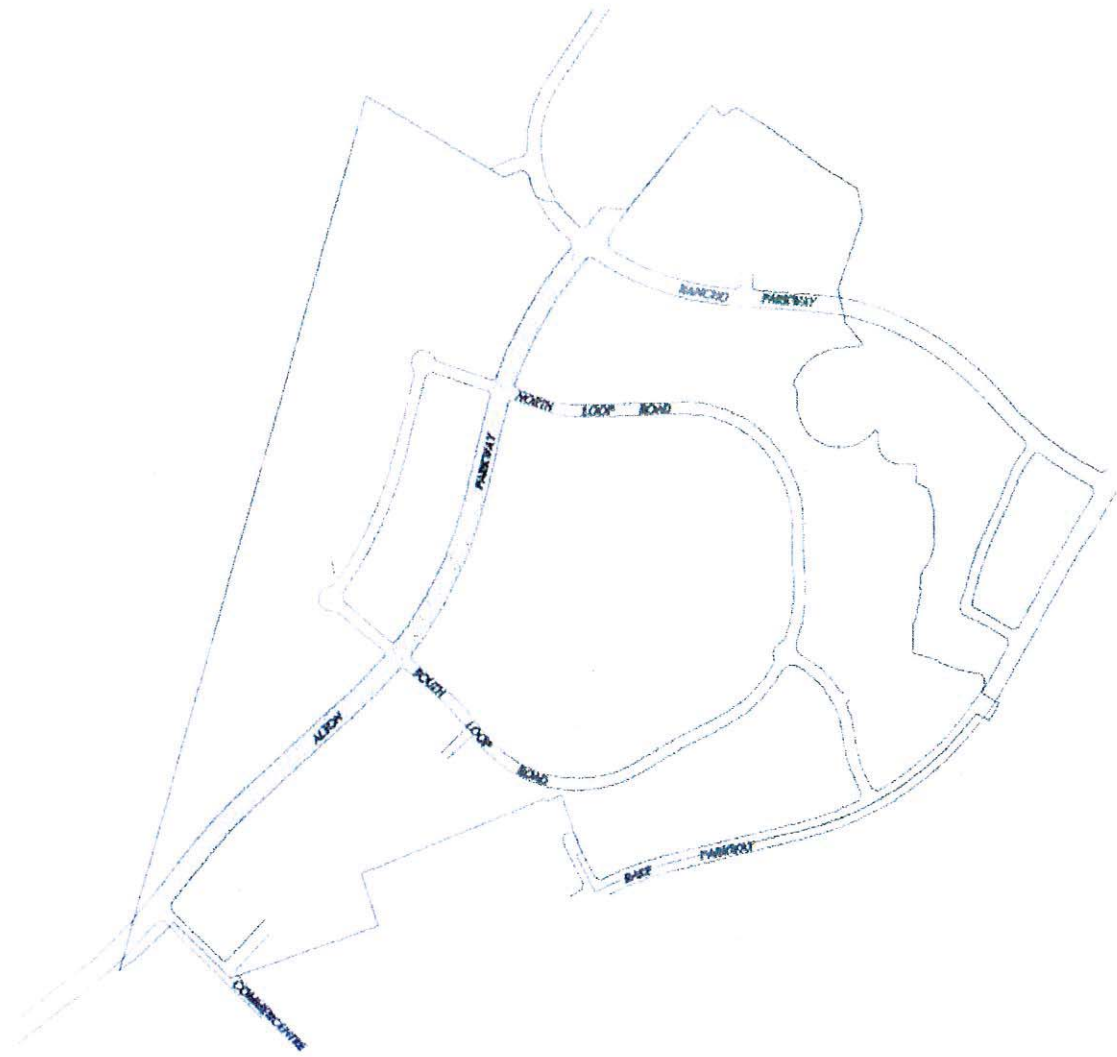


ATTACHMENT 7 TO EXHIBIT B

Alton Segment



# Attachment 7 Alton Segment



Scale: 1"=1,000'



ALTON SEGMENT

NOTE: ALL STREET CONFIGURATIONS ARE CONCEPTUAL



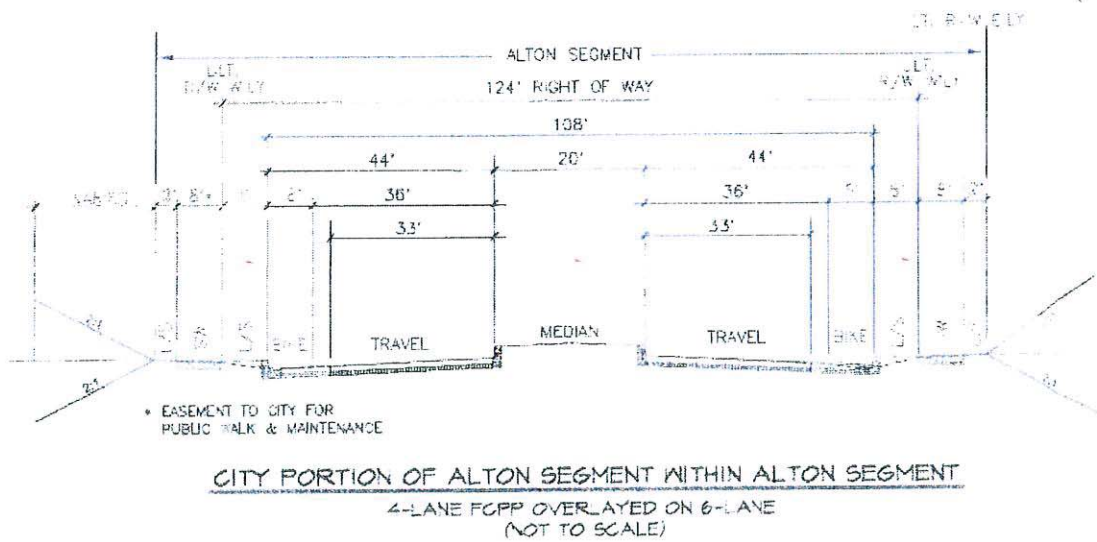
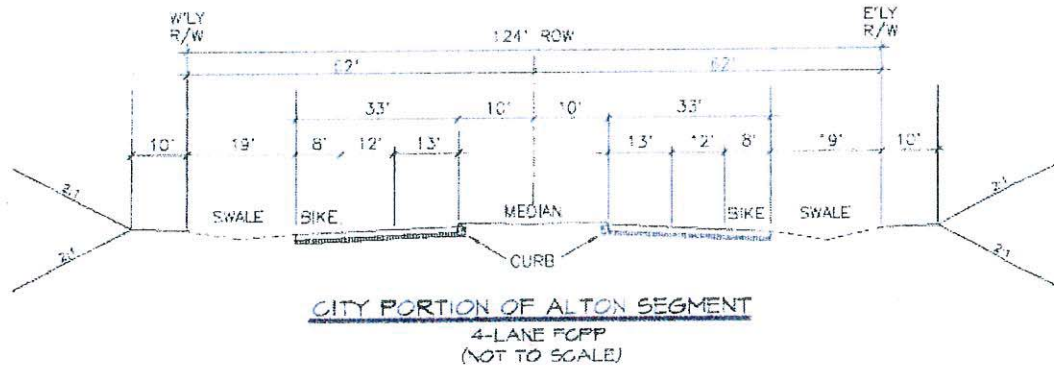
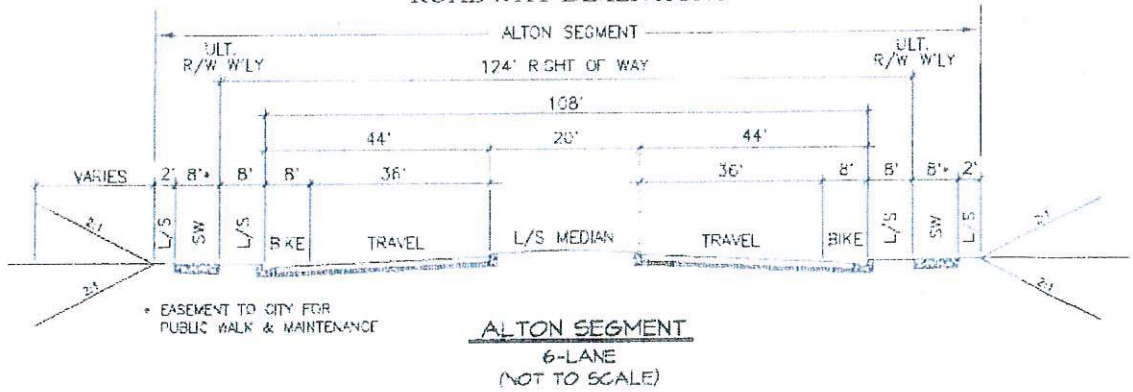
ATTACHMENT 8 TO EXHIBIT B

City Alton Improvements



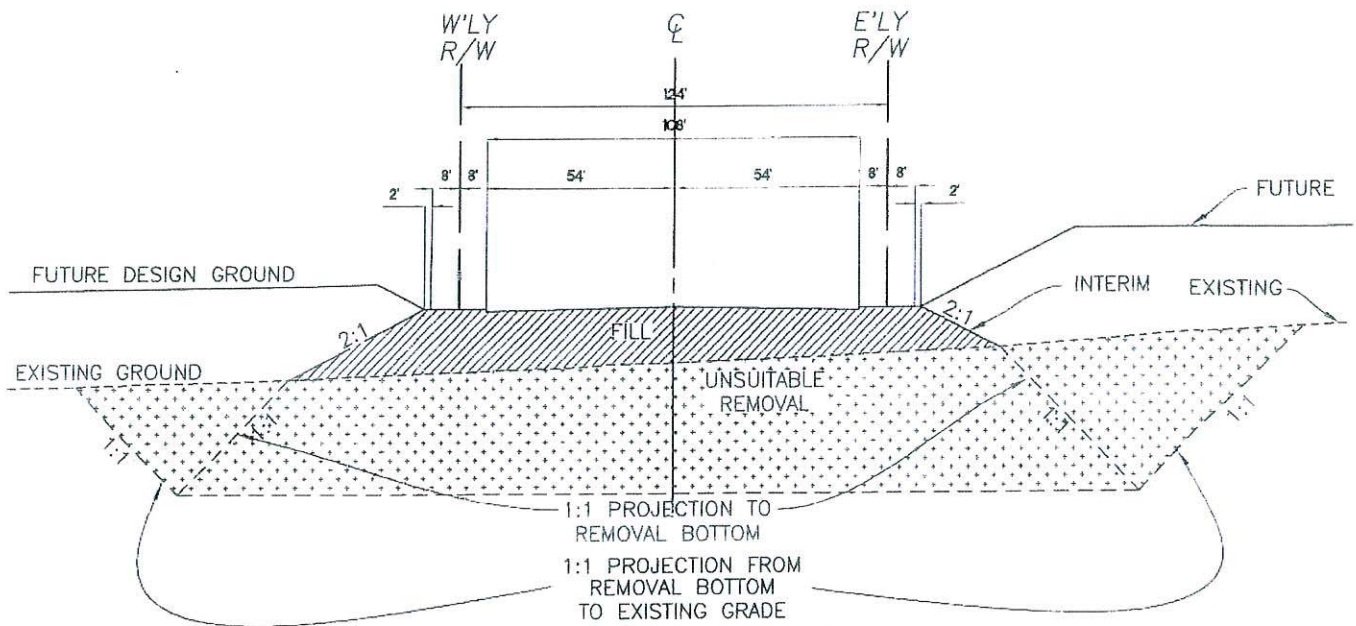
**Attachment 8**  
**CITY ALTON IMPROVEMENTS**  
**(CITY PORTION OF ALTON SEGMENT)**

**ROADWAY DIMENSIONS**



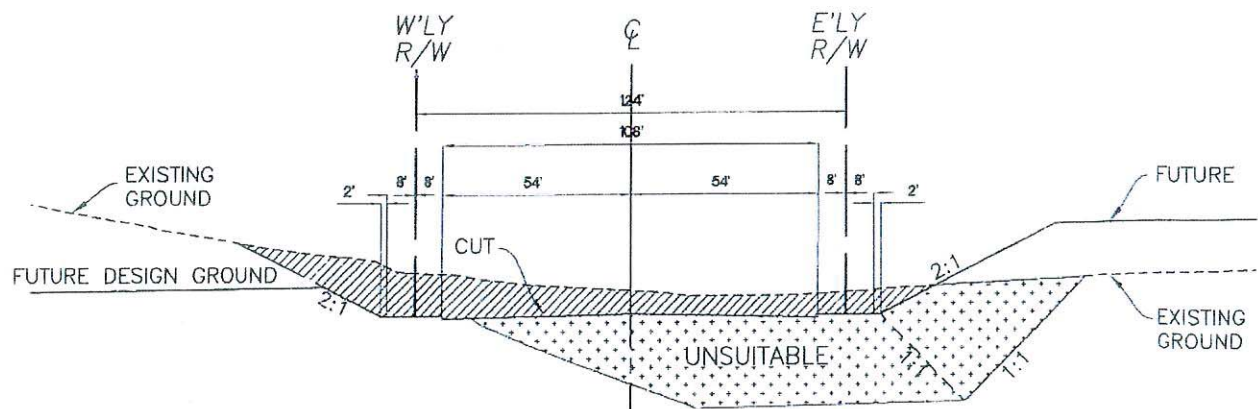


# GRADING REQUIREMENTS



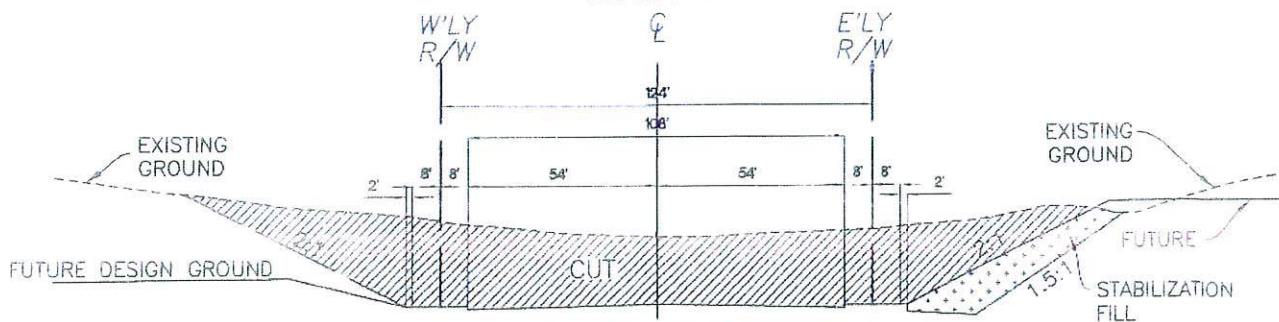
## FILL OVER UNSUITABLE

SCALE 1"=50'



## CUT OVER UNSUITABLE

SCALE 1"=50'



## CUT W/ STABILIZATION FILL

SCALE 1"=50'

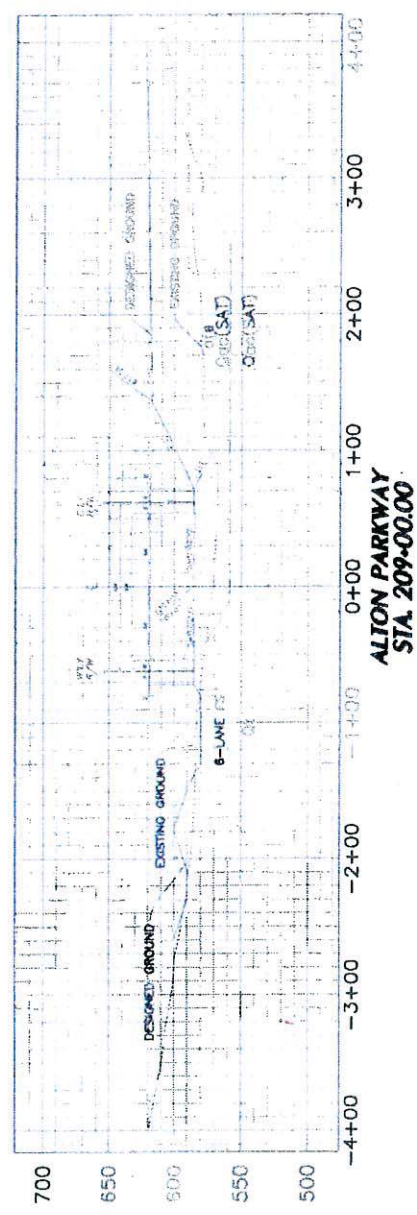
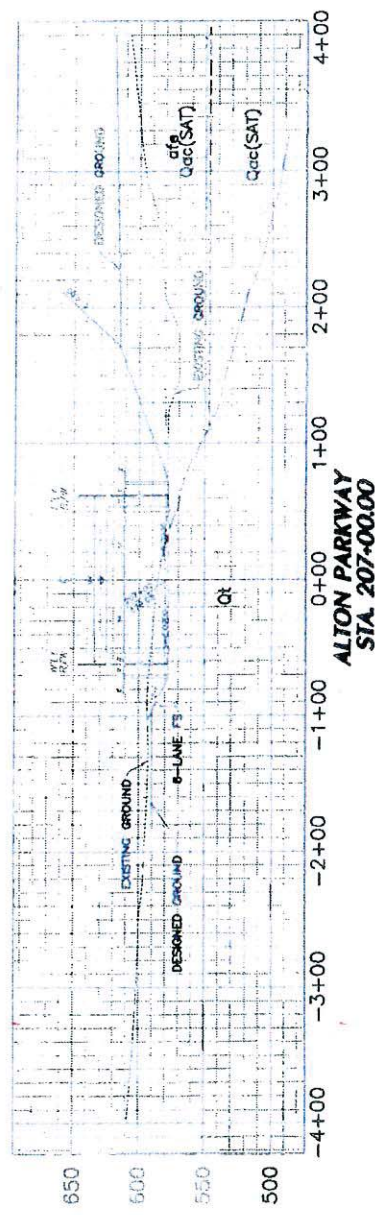
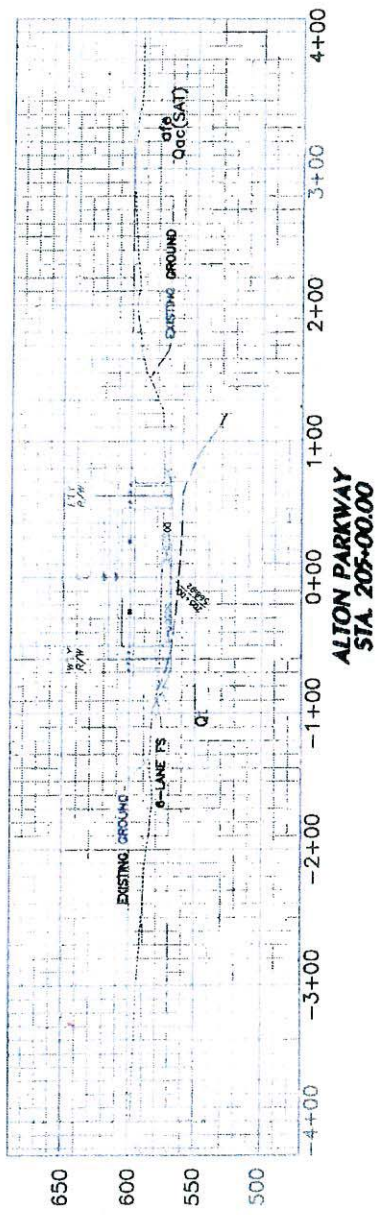
- UNSUITABLE REMOVAL AND STABILIZATION FILLS TO BE PERFORMED PER SOILS ENGINEER FOR ROADWAY SO AS TO NOT REQUIRE RE-GRADING OF OR ENCROACHMENT INTO THE COMPLETED ALTON SEGMENT RIGHT OF WAY WHEN GRADING ADJACENT PROPERTY.
- HARD MATERIAL TO BE OVER EXCAVATED TO ELEVATION OF DEEPEST UTILITY.
- UNLESS OTHERWISE SHOWN ON ALTON PARKWAY GRADING CROSS SECTIONS, MINIMUM LATERAL UNSUITABLE LIMITS TO BE DEFINED BY STARTING @ 2:1 CATCH POINT WITH EXISTING, DESCENDING @ 1:1 PROJECTION TO REMOVAL BOTTOM, THEN @ 1:1 PROJECTION UP TO EXISTING.
- SUBDRAIN CROSSINGS WILL BE REQUIRED BASED ON SOILS ENGINEER'S FINAL RECOMMENDATION.



TECHLINE - ABOVE RIGHT







PREPARED BY:



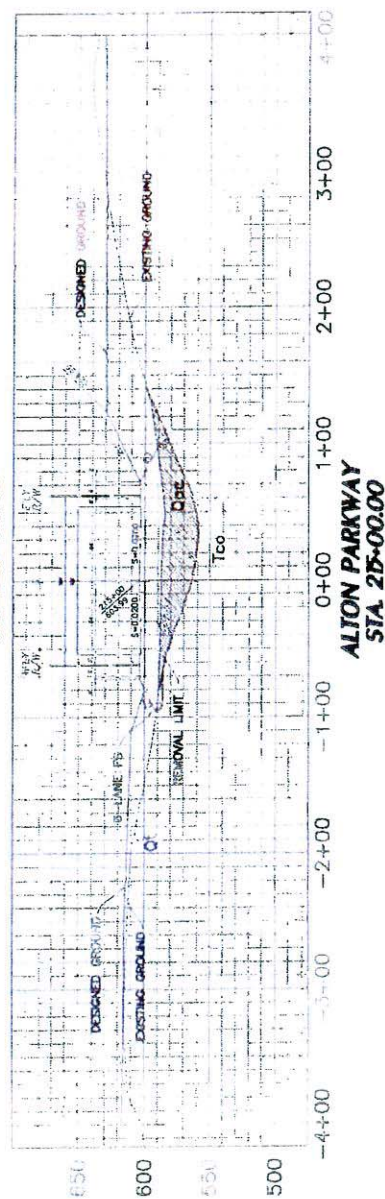
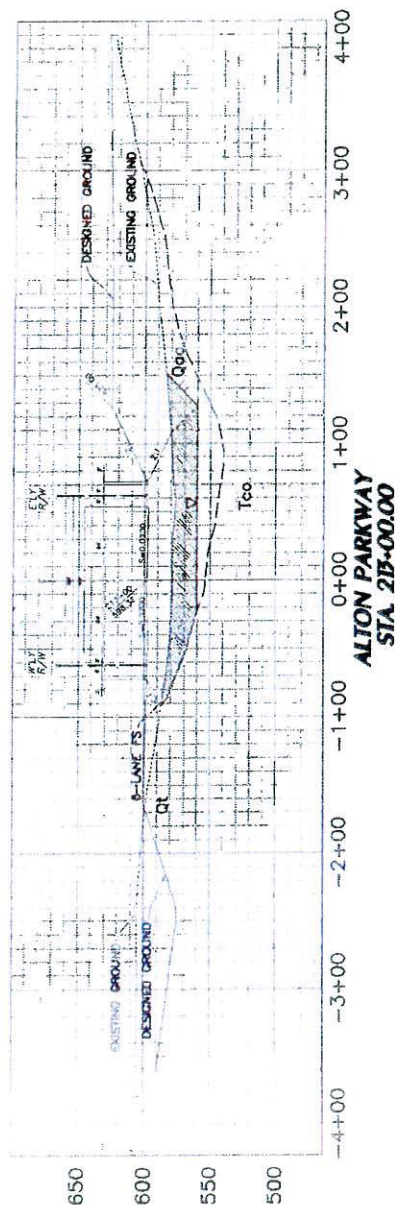
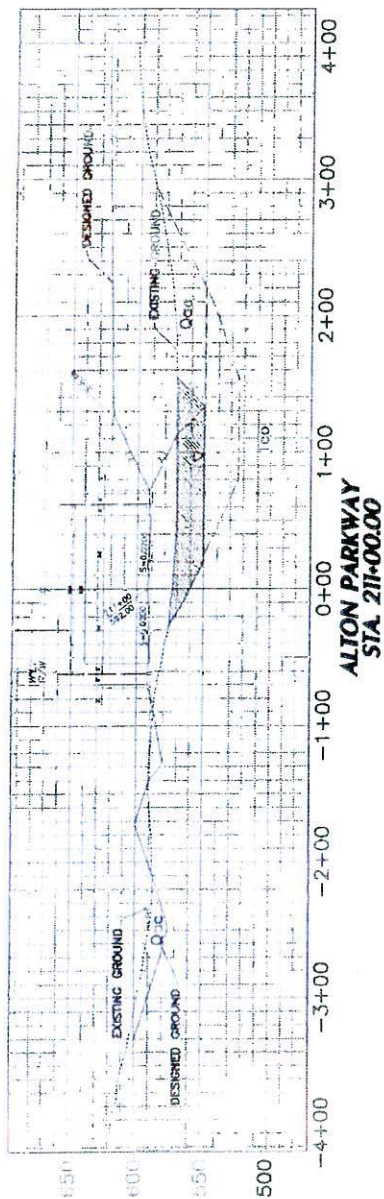
# ALTON PARKWAY GRADING X-SECTIONS

SHEET  
4 OF 14

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FULL WIDTH REMEDIAL  
WATER LEVEL



# ALTON PARKWAY GRADING X-SECTIONS

SHEET  
5 OF 14

ALTON PARKWAY STA 21I-00.00 STA 2B-00.00 STA 2C-00.00 STA 2D-00.00 STA 2E-00.00 STA 2F-00.00 STA 2G-00.00 STA 2H-00.00 STA 2I-00.00 STA 2J-00.00 STA 2K-00.00 STA 2L-00.00 STA 2M-00.00 STA 2N-00.00 STA 2O-00.00 STA 2P-00.00 STA 2Q-00.00 STA 2R-00.00 STA 2S-00.00 STA 2T-00.00 STA 2U-00.00 STA 2V-00.00 STA 2W-00.00 STA 2X-00.00 STA 2Y-00.00 STA 2Z-00.00

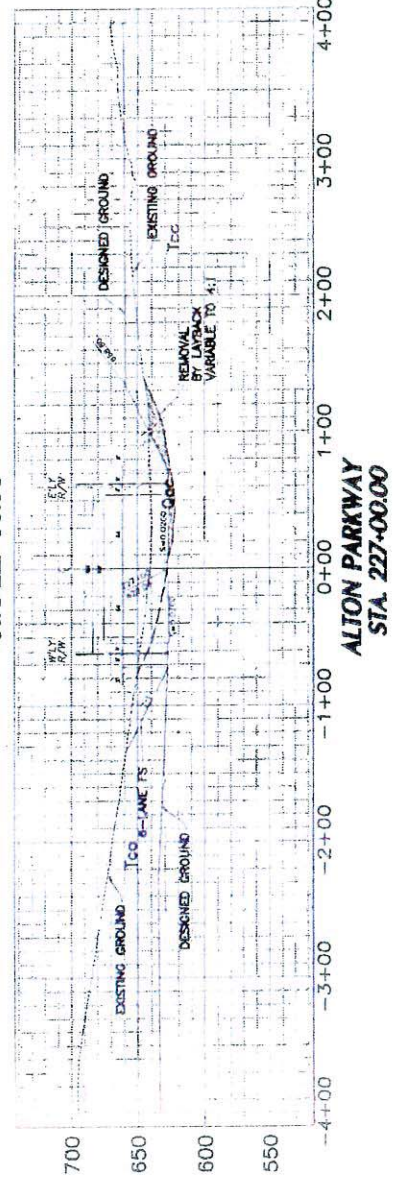
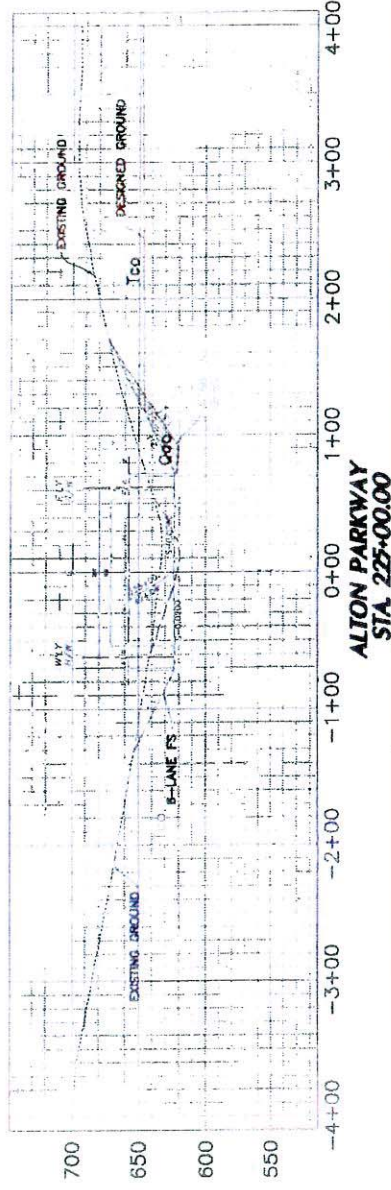
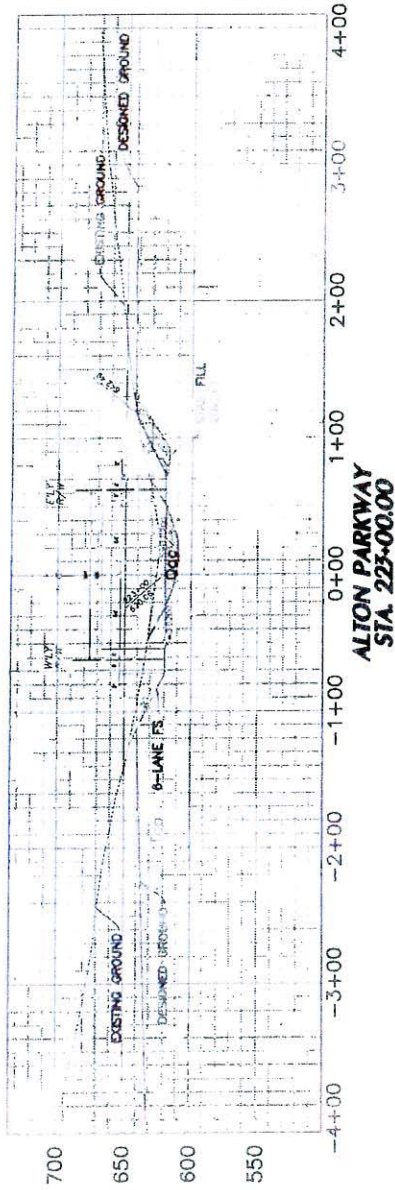
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FULL WIDTH REMEDIAL  
WATER LEVEL

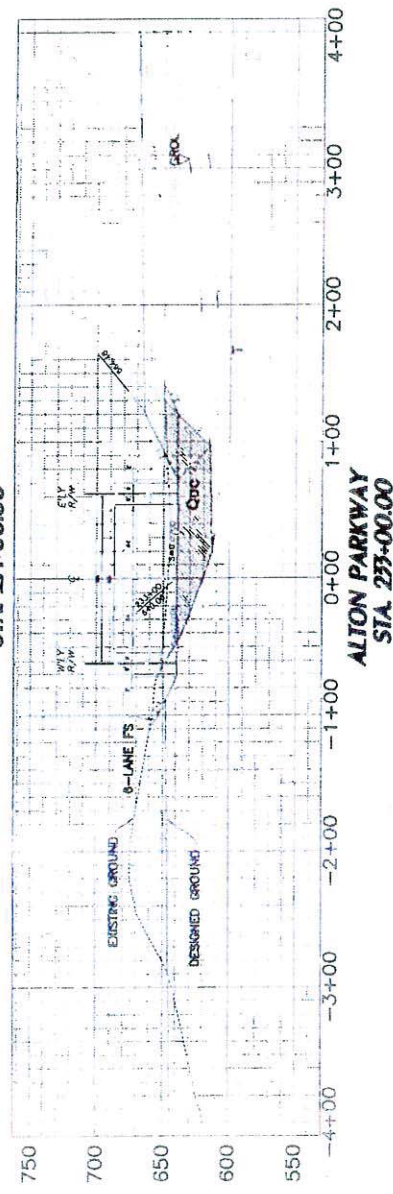
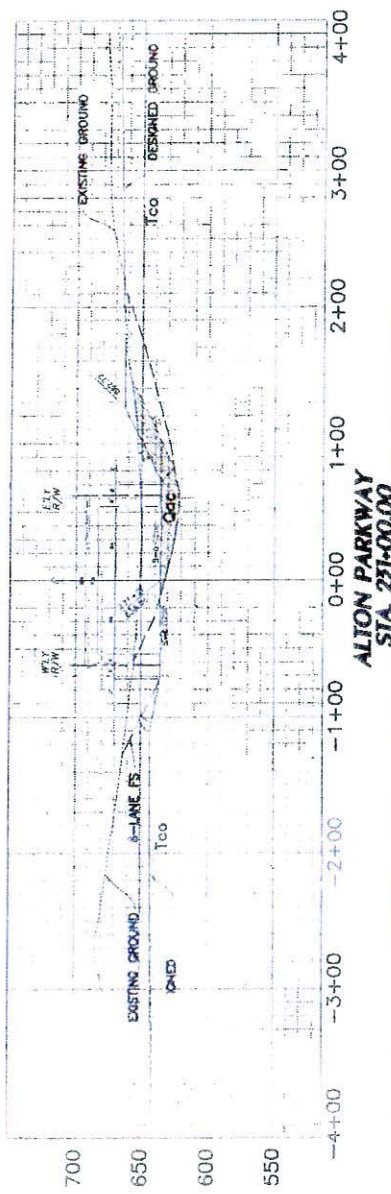
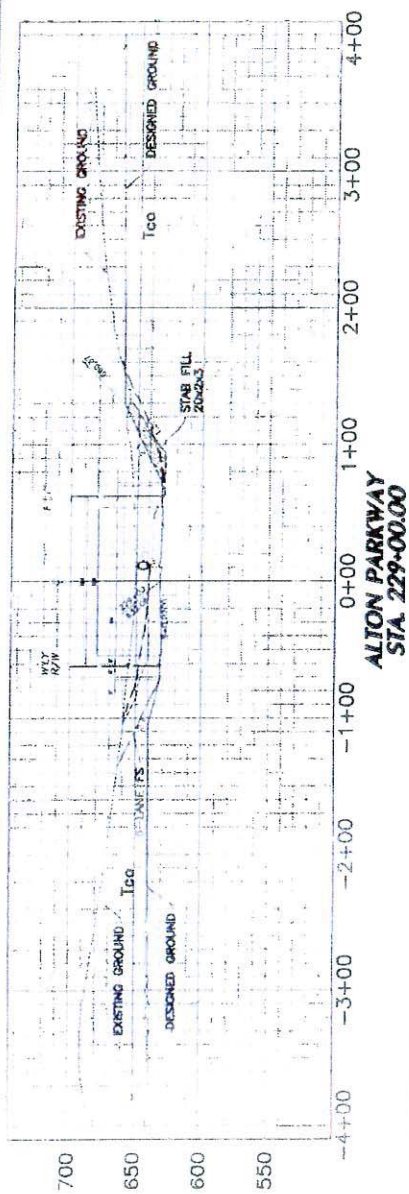


# ALTON PARKWAY GRADING X-SECTIONS

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FULL WIDTH REMEDIAL  
 WATER LEVEL



# ALTON PARKWAY GRADING X-SECTIONS

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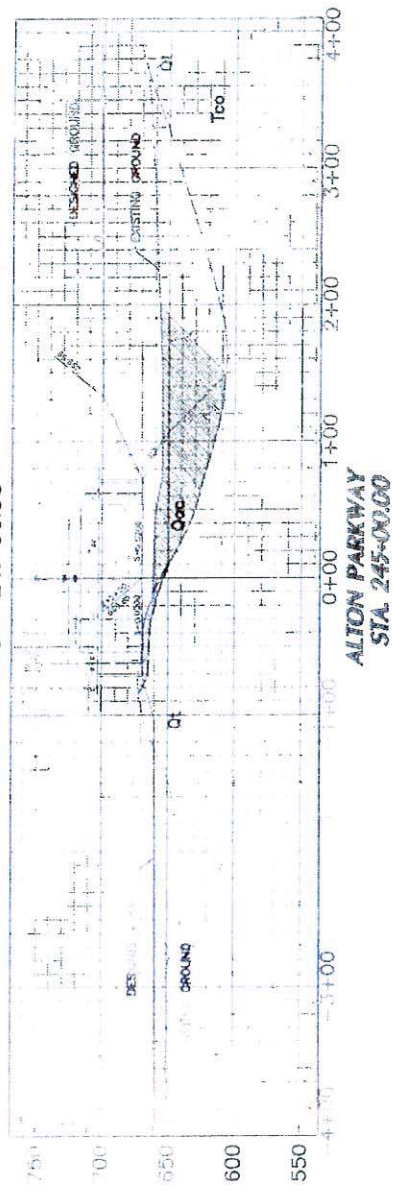
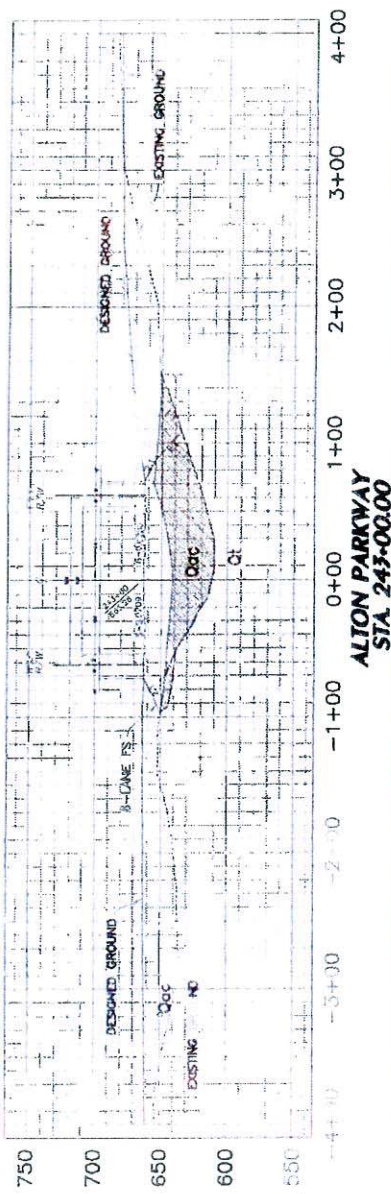
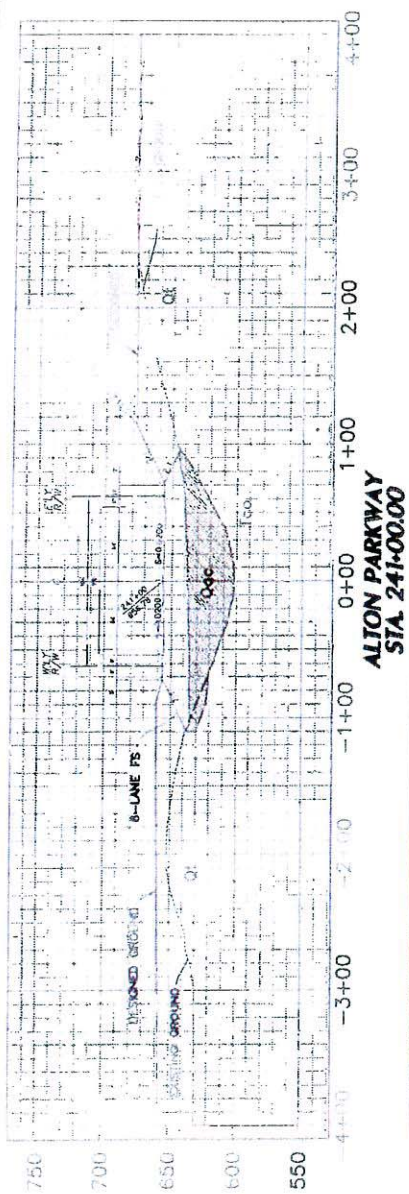
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 FULL WIDTH REMEDIAL  
 WATER LEVEL



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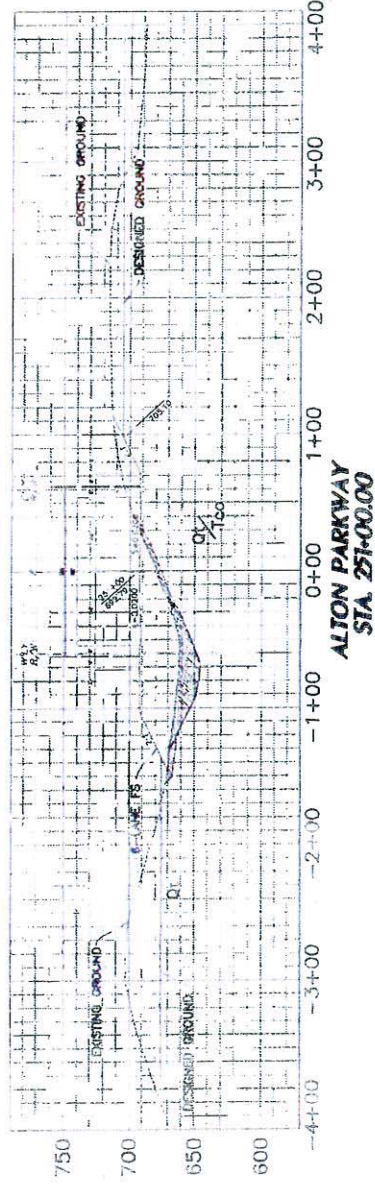
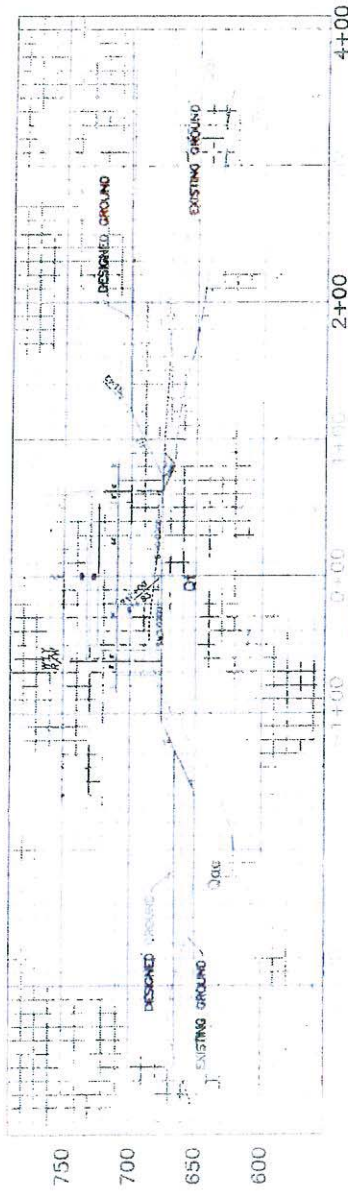
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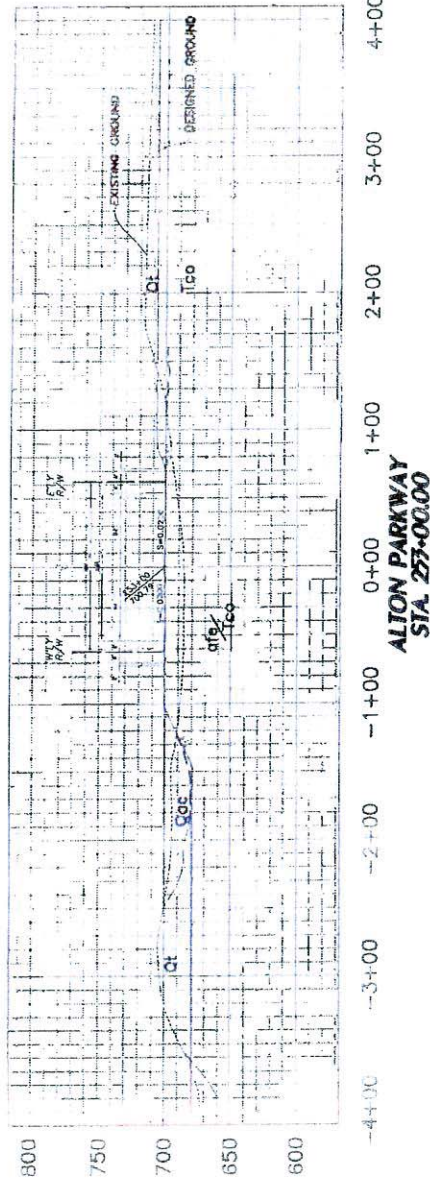


# ALTON PARKWAY GRADING X-SECTIONS





 FULL WIDTH REMEDIAL  
 WATER LEVEL



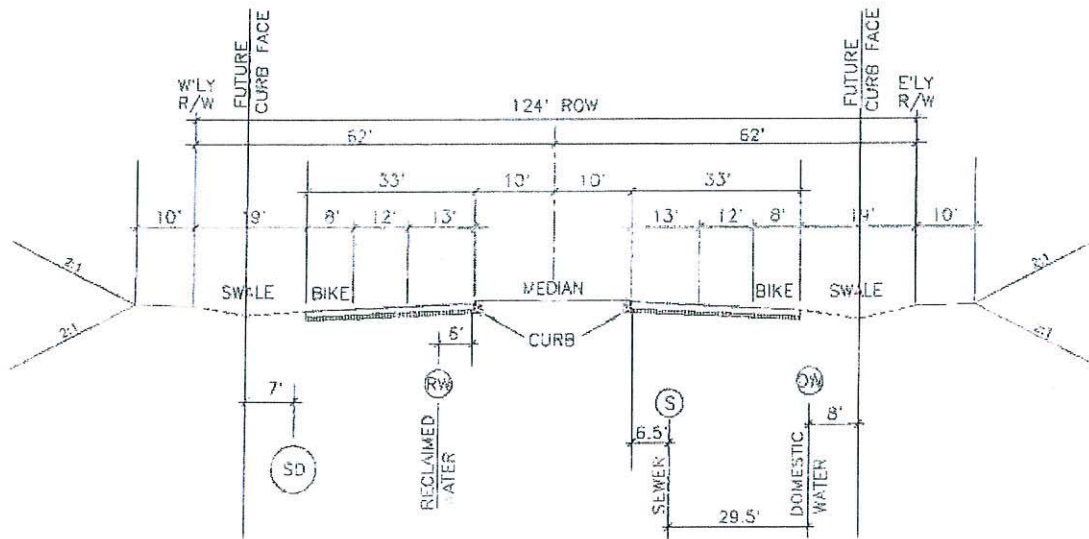
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# ALTON PARKWAY GRADING X-SECTIONS



## UTILITIES



### CITY PORTION OF ALTON

UNDERGROUND UTILITIES INSTALLED CONCURRENT WITH AND AS PART OF CITY PORTION OF ALTON WILL INCLUDE:

- BY IRWD
  - DOMESTIC WATER LINE
  - RECLAIMED WATER LINE
  - SEWER LINE
- BY OWNER
  - DRY UTILITY CROSSINGS (CONDUIT)
  - IRRIGATION CROSSINGS (CONDUIT)
- BY CITY
  - STORM DRAIN (AS PROVIDED IN EXHIBIT D)
  - FIRE HYDRANTS
  - TRAFFIC SIGNAL CROSSINGS (CONDUIT)
  - STREET LIGHT CROSSINGS (CONDUIT)
  - INTERIM STORM DRAIN CROSSINGS
  - INTERIM CONNECTIONS TO COMMERCE CENTRE AND TOWNE CENTRE DRIVE STORM DRAIN (NOT SHOWN)

ALL UTILITIES TO INCLUDE STUBS INTO NORTH AND SOUTH LOOP ROAD AND RANCHO PARKWAY



## ROAD IMPROVEMENTS

THE CITY PORTION OF THE ALTON SEGMENT SHALL INCLUDE IMPROVEMENTS AS DEPICTED ON THE CROSS SECTIONS SHOWN IN THE ATTACHMENT 8 AND DESCRIBED BELOW:

- PAVEMENT AND AGGREGATE BASE TO MEET LOAD REQUIREMENTS FOR ULTIMATE 6-LANE USAGE
- FULLY IMPROVED TURN POCKETS AT COMMERCENTRE, NORTH AND SOUTH LOOP ROAD, AND TOWNE CENTRE DRIVE
- STRIPING FOR TURN POCKETS, LANE LINES AND TRANSITION CHEVRONS
- STENCIL LEGENDS FOR BIKE LANES AND TURN ARROWS
- REGULATORY, WARNING AND STREET NAME SIGNS
- TRAFFIC SIGNAL MODIFICATION AT COMMERCENTRE (FROM COUNTY INSTALLATION TO ULTIMATE CONDITION)
- TRAFFIC SIGNAL AT TOWNE CENTRE WITH POLE PLACEMENT TO ACCOMMODATE ULTIMATE CONDITION, INCLUDING ALL FUTURE MODIFICATIONS, IF ANY, UPON THE COMPLETION OF RANCHO PARKWAY AND/OR REMAINDER ALTON.
- HYDROSEEDING OF FINISHED SLOPES, SWALES, MEDIAN, AND CORRESPONDING MAINTENANCE.
- BASE PAVE SECTION SHALL BE CERTIFIED WITHIN TOLERANCE OF 1.5 INCHES TO 2.25 INCHES BELOW FINAL DESIGN PAVED SURFACE
- BUS TURNOUTS AS REQUIRED BY OCTA

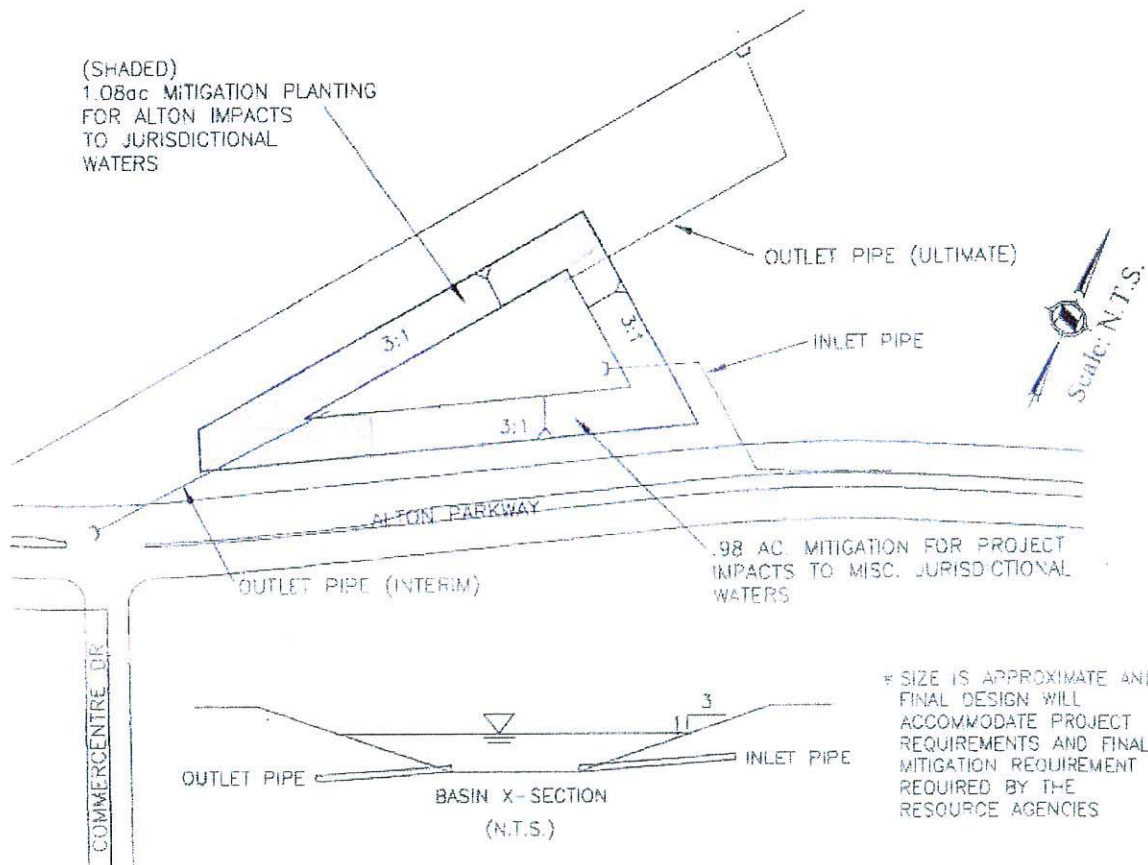
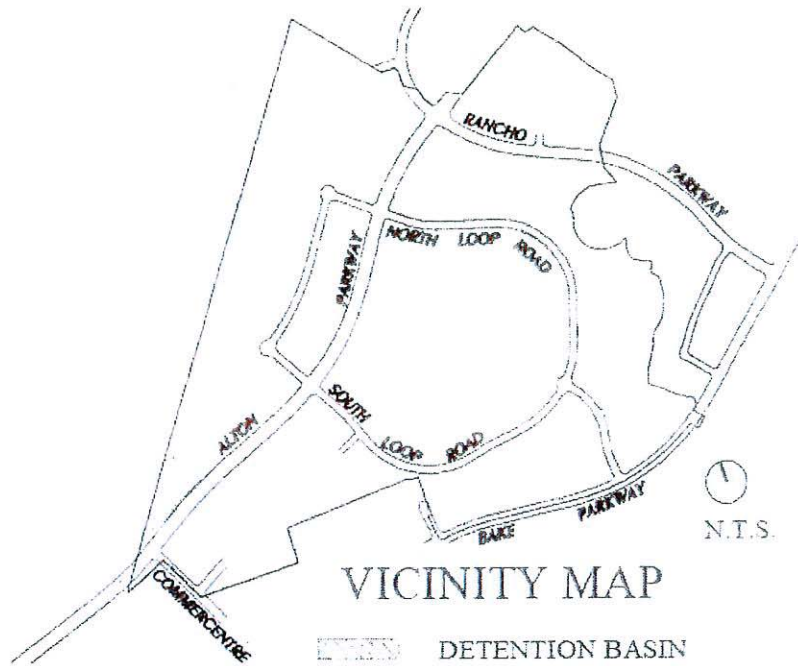


ATTACHMENT 9 TO EXHIBIT B

Detention Basin



# Attachment 9 DETENTION BASIN



NOTE: ALL STREET CONFIGURATIONS ARE CONCEPTUAL

SHEET 1 OF 1

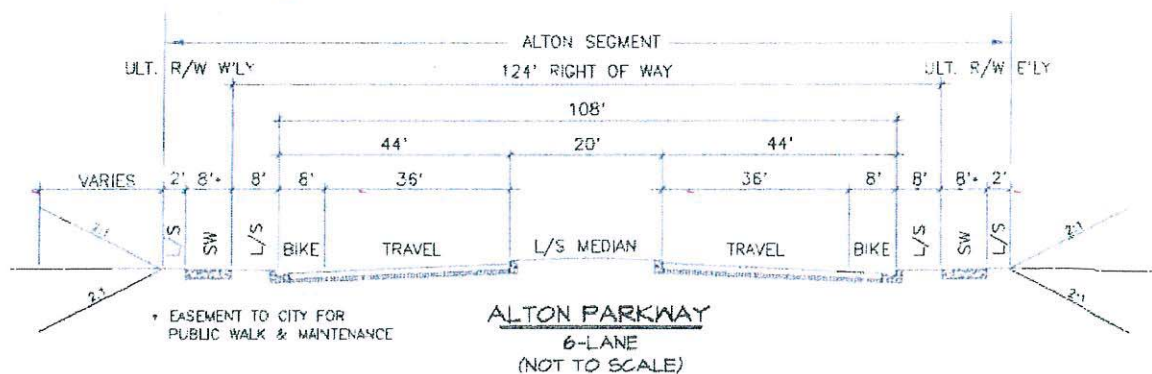
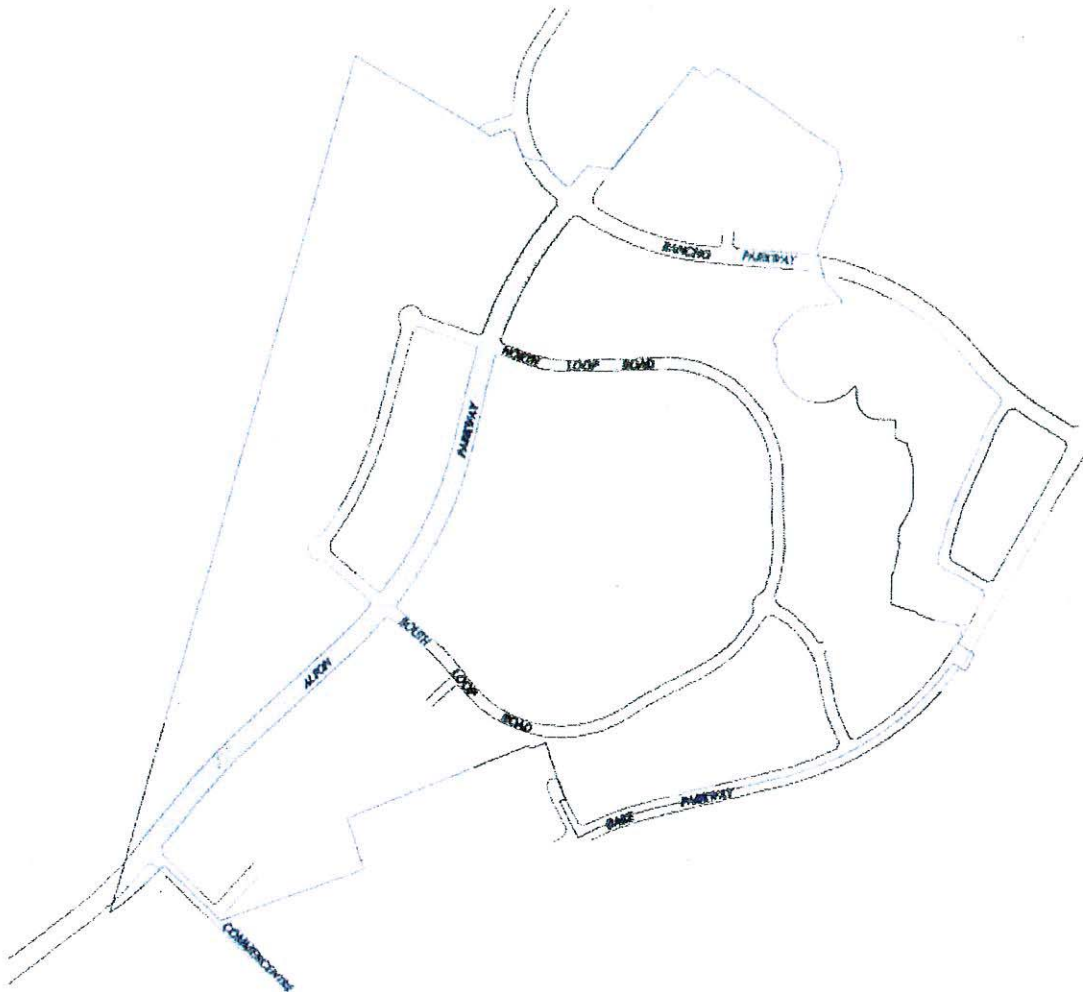


ATTACHMENT 10 TO EXHIBIT B

Depiction of Alton IOD Area



# Attachment 10 DEPICTION OF ALTON IOD AREA



Scale: 1"=1,000'

## LEGEND

ALTON IOD AREA  
(INCLUDES 124' RIGHT OF WAY ONLY)

NOTE: ALL STREET CONFIGURATIONS ARE CONCEPTUAL

DATE: 05-20-2010



ATTACHMENT 11 TO EXHIBIT B

Acceleration Retrofit Costs



## Attachment 11

### ACCELERATION RETROFIT COSTS

RETROFIT COSTS SHALL INCLUDE:

- \* PAVEMENT REMOVAL AND REPLACEMENT (INCLUDING SAWCUTTING AND RE-GRADING) TO JOIN PAVEMENT FOR ADDITIONAL LANES.
- \* TRAFFIC CONTROL (INCLUDING K-RAIL BARRIERS IF REQUIRED) TO INSTALL STORM DRAIN OR UTILITIES CROSSINGS.
- \* REMOVAL AND/OR RELOCATION OF REGULATORY, WARNING AND STREET NAME SIGNS.
- \* REMOVAL OF INTERIM TRAFFIC CONTROL FEATURES INCLUDING BUT NOT LIMITED TO DELINEATORS.
- \* REMOVAL OR ABANDON OF TEMPORARY STORM DRAIN CROSSINGS.
- \* REMOVAL OF TEMPORARY INLETS AND RESEDS AND RE-GRADING OF IMPACTED AREA.
- \* REMOVAL OF TEMPORARY SURFACE DRAINAGE FEATURES SUCH AS CONCRETE DITCHES AND EARTHEN SWALES AND RE-GRADING OF IMPACTED AREAS.

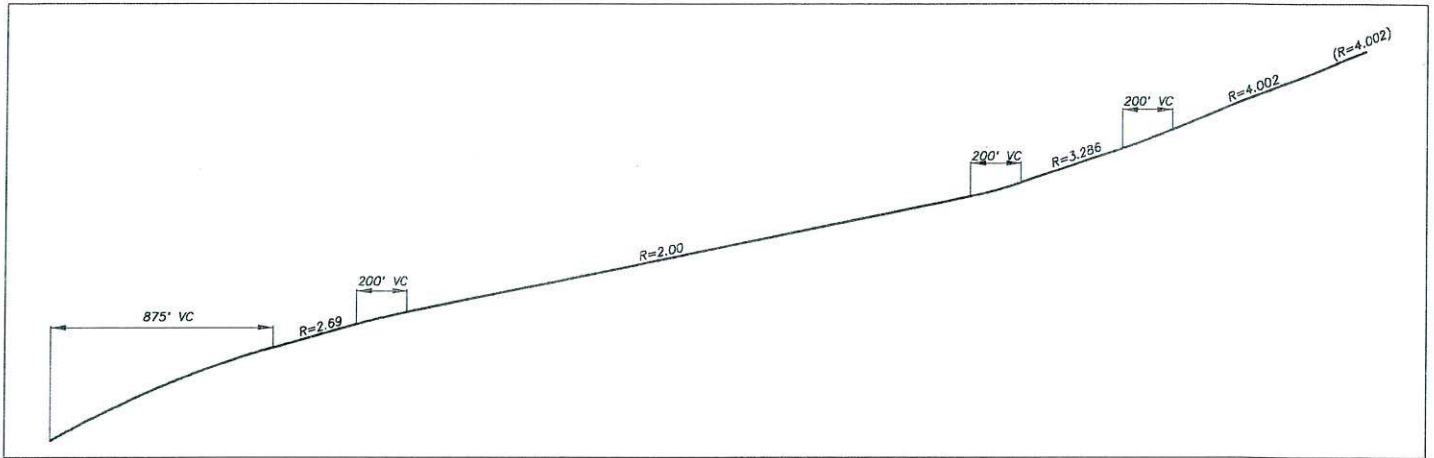


ATTACHMENT 12 TO EXHIBIT B

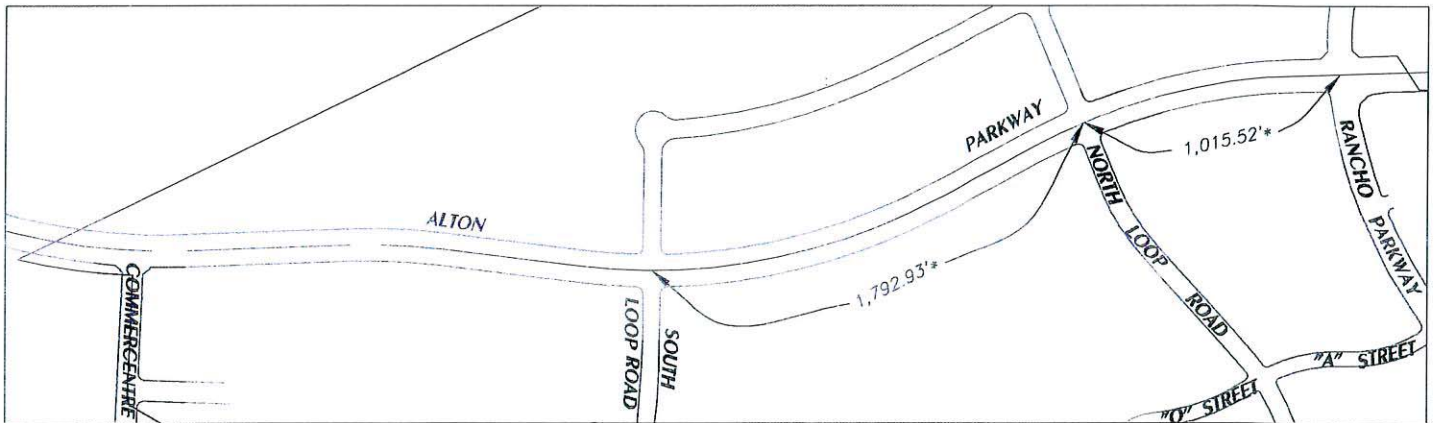
Alton Alignments – Centerline Intersections



ATTACHMENT 12  
ALTON ALIGNMENTS - CENTERLINE INTERSECTIONS



CENTERLINE PROFILE - ALTON PARKWAY



PLAN VIEW - ALTON PARKWAY

\* MEASUREMENTS ARE ALONG  
CENTERLINE BETWEEN INTERSECTIONS.

  
N.T.S.

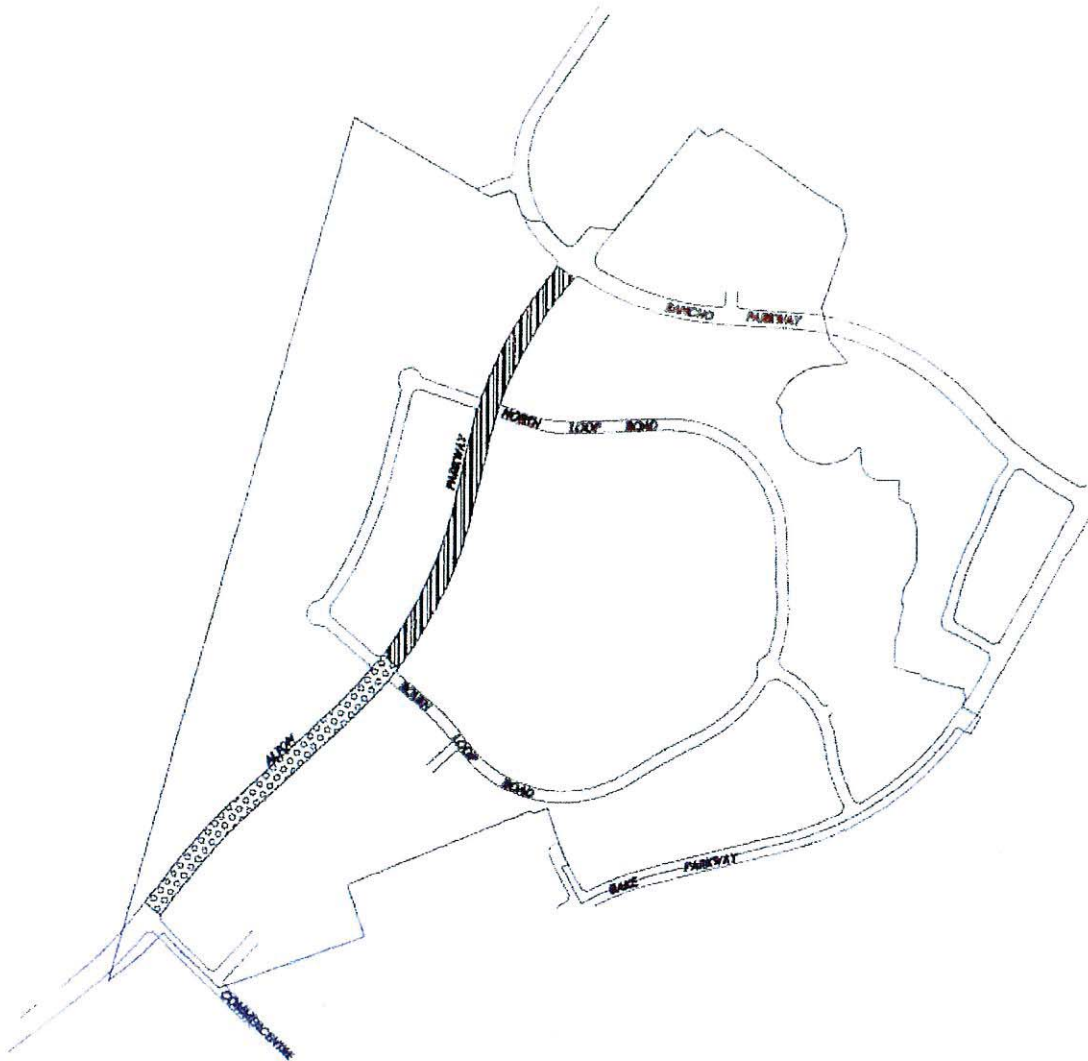


ATTACHMENT 13 TO EXHIBIT B

Depiction of Alton Phase 1 and Alton Phase 2





Attachment 13  
DEPICTION OF ALTON PHASE 1 AND ALTON PHASE 2



Scale: 1"=1,000'

LEGEND

-  ALTON PHASE 1  
 ALTON PHASE 2

NOTE: ALL STREET CONFIGURATIONS ARE CONCEPTUAL

DATE: 05-20-2010

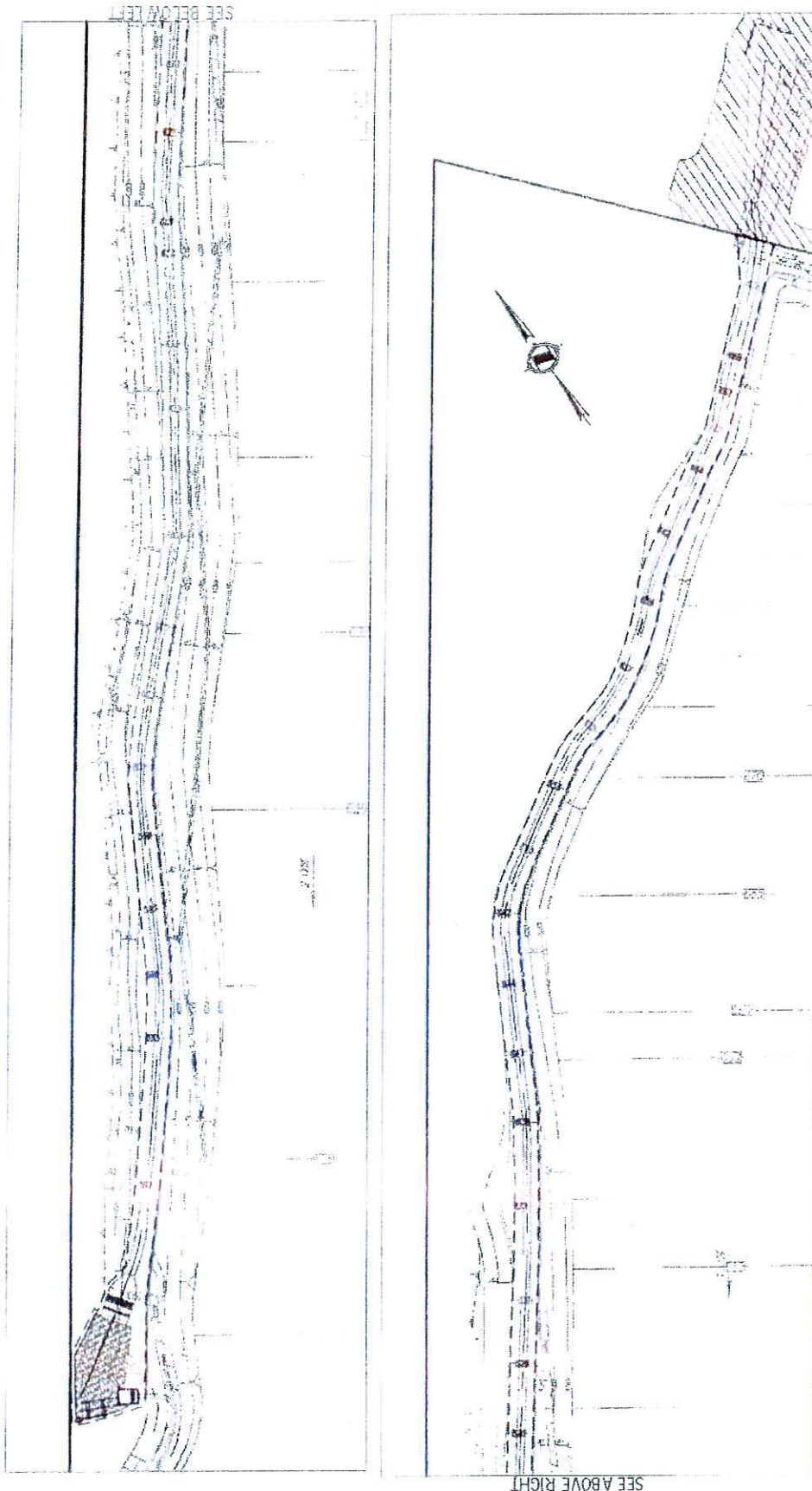


ATTACHMENT 14 TO EXHIBIT B

Borrego Improvements Area  
Depiction of Box Culvert



# Attachment 14 BORREGO IMPROVEMENTS AREA DEPICTION OF BOX CULVERT



## LEGEND

- FUTURE EASEMENT TO ORANGE COUNTY FLOOD CONTROL DISTRICT
- EXISTING PROPERTY LINE
- EXISTING ORANGE COUNTY FLOOD CONTROL DISTRICT EASEMENT

NOTE:  
BORREGO CANYON WASH LOW-FLOW CHANNEL AND PROPERTY LINE WILL  
BE IDENTIFIED AS PART OF THE AREA PLAN AND TENTATIVE TRACT MAP(S)

PREPARED BY



BAKER RANCH  
BORREGO WASH



**EXHIBIT C**

**Affordable Housing Implementation Plan**

**EXHIBIT C**

**Affordable Housing Implementation Plan**



**EXHIBIT C**  
**Affordable Housing Implementation Plan**  
**OPPORTUNITIES STUDY**  
**AFFORDABLE HOUSING IMPLEMENTATION PLAN**

**A. Definitions.**

1. **"Affordable Units"** means residential units, whether attached or detached, for sale or for rent, which are affordable to Very Low Income Households, Low Income Households, or Moderate Income Households, as those terms are defined below.
2. **"Affordable Housing Covenant"** means a restriction recorded at the time that a developer records its grant deed to the original home purchaser of an Affordable Unit which relates in some manner to the use of the property for affordable housing.
3. **"Housing Purchase Cost"** means the total payments for a single month for principal and interest on a 30-year fixed rate mortgage loan and any associated mortgage loan insurance costs, property taxes and assessments, fire and casualty insurance covering the replacement value of property improvements, and a reasonable allowance for utilities, and homeowner association fees.
4. **"Housing Rental Cost"** means the total payments for a single month for rent (other than security deposits), plus a reasonable allowance for utilities.
5. **"Low Income Household"** means a household whose annual income is greater than fifty percent (50%) but does not exceed eighty percent (80%) of the median family income for the area, as published by the California Department of Housing and Community Development, adjusted for family size.
6. **"Moderate Income Household"** means a household whose annual income is greater than eighty percent (80%) but does not exceed one hundred twenty percent (120%) of the median family income for the area, as published by the California Department of Housing and Community Development, adjusted for family size.
7. **"Offsite"** means outside of the boundaries of the entire Opportunities Study Area, but within the City of Lake Forest.



8. **“Project”** refers to the development of each of the individual project areas defined in the Opportunities Study Area General Plan Amendment. Thus, there are a maximum of six “Projects” and this policy shall be applied individually to each Project, rather than to the OSA as a whole or all Projects collectively.
9. **“Second Unit”** refers to an “accessory living quarters/second unit” as those terms are used in Section 9.180.050 of the City’s Municipal Code and which meets the standards of Section 9.180.050(D).
10. **“Senior Unit”** means a residential unit occupancy of which is restricted to persons sixty-two (62) years of age or older, provided that the minimum age shall be fifty-five (55) years in any project containing 150 or more Senior Units.
11. **“Very Low Income Households”** means a household whose annual income does not exceed fifty percent (50%) of the median family income for the area, as published by the California Department of Housing and Community Development, adjusted for family size.

**B. “Planning Principles” for Affordable Housing.**

1. The developer of each Project will provide or facilitate the production of Affordable Units in conjunction with the development of its Project. Participation will be based on the “Point System” set forth in Section C below. Facilitation of the production of Affordable Units may include participation with the Lake Forest Redevelopment Agency in producing such units, on such terms as may be mutually agreeable to the Redevelopment Agency and the developer.
2. The types and locations of Affordable Units in all income categories may include, among other variations, onsite and offsite units (subject to Paragraph C3(b) below), for-sale and rental units, attached and detached units, and units of varying size and bedroom counts.
3. Consistent with City policy as set forth in Section 5 of the Housing Plan of the City’s Housing Element (entitled “Expedited Project Review”), the City shall:
  - (a) Prioritize the review and processing of the Affordable Units component of all development applications for all aspects of the Project (including, but not limited to, those for area plans,



subdivision maps, site development permits, grading permits, and building permits); and

- (b) Retain an independent contracting firm to expedite the processing of all such development applications, upon the developer's agreement to pay the full cost of such retention.
- 4. The developer, at its sole discretion, may satisfy the "point" requirement of this policy through the provision of either rental or for-sale housing.
- 5. Subject to Paragraph B6 below, an Affordable Housing Covenant in favor of the City and/or Lake Forest Redevelopment Agency, in the form approved by the City as part of the implementation of each Project, shall be recorded against each Affordable Unit that is not a Second Unit. The Affordable Housing Covenant shall be recorded at the time that the developer records its grant deed to the original home purchaser of a for-sale unit or prior to the occupancy of the first tenant of a rental unit.

If the rental unit is within a multi-family development in which not all of the units are Affordable Units, the Affordable Housing Covenant shall specify the total number of units (as opposed to identifying specific units) within that development which must be made available as Affordable Units. In that case, the Affordable Housing Covenant also shall clearly state that beyond the identified number of Affordable Units, no other units within the development are encumbered by the Affordable Housing Covenant.

- 6. An Affordable Housing Covenant shall not be required for Affordable Units sold to Moderate Income Households if the developer declines to receive the additional one (1.0) point credit for a moderate for-sale unit as provided in Paragraph C4 below. Regardless of whether an Affordable Housing Covenant is recorded for a Moderate Income Affordable Unit, the initial sale of such unit shall be to a qualifying Moderate Income Household, with the household income adjusted for family size.
- 7. The provisions of this policy pertaining to the recording of Affordable Housing Covenants shall apply to all pre-existing units for which "points" are given, including but not limited to pre-existing rental units converted to "for sale" units which are treated under the Point System below as "for sale" units.



C. **The Point System.**

The purpose of the "Point System" described below is to provide incentives for the provision of certain types of affordable housing as part of development in the Opportunities Study Area, in order to meet the housing needs of the community. These housing types include units affordable to lower income categories, onsite units, units with multiple bedrooms, and owner-occupied units.

1. **Required Points.** The number of Affordable Units to be provided will be based upon a "Point System." The number of required "points" will be equal to 15% of the total number of units approved and built within a Project. For example, if 2,815 units are built within a Project, then a total of 422 "points" will be required. Notwithstanding any provision of this Plan, including the application of any provision of the Point System, and with the exception of the Projects on Sites 5 and 6 in the OSA GPA, no Project shall provide a number of Affordable Units that is less than eight and one-half percent (8.5%) of the total number of market-rate units which are approved under the Project's First Tentative Map.
2. **Offsite Affordable Units.** Offsite Affordable Units will be provided points only if they are affordable to Very Low and Low Income Households.
3. **Base Points.** Subject to Paragraph C2 above:
  - (a) **One Base Point (1.0)** shall be awarded for each home sold or rented onsite to households within any affordable income category (moderate, low, and very low), and
  - (b) **One half Base Point (0.5)** shall be awarded for each home sold or rented offsite to Low or Very Low Income Households.
4. **Additional Points.** Because of the City's interest in (1) providing certain amenities, (2) serving lower income categories, and (3) providing onsite Affordable Units, points shall be awarded in addition to Base Points, as set forth below, for each onsite Affordable Unit in any income category which meets the following criteria:
  - (a) To encourage units for families, additional points based upon bedroom counts shall be provided as follows, with points awarded for only one bedroom count category in this subparagraph (a) (for example, a four bedroom unit receives one (1.0) additional point, not  $0.2+0.7+1.0$ ):



- (i) 0.2 additional point for two-bedroom units;
  - (ii) 0.7 additional point for three-bedroom units; and
  - (iii) 1.0 additional point for four-bedroom units.
- (b) In addition, to encourage development of Affordable Units in the Low and Very Low Income Household categories, one-half (0.5) additional point shall be provided for rental units affordable to Low Income Households and one (1.0) additional point shall be provided for rental units affordable to Very Low Income Households.
- (c) In addition, to encourage the placement of Affordable Units within Market Rate Communities,<sup>1</sup> one-half (0.5) additional point shall be provided for each Affordable Unit located within a Market Rate Community, provided that at least fifty percent (50%) of the Units within the applicable Market Rate Community are market rate units.
- (d) In addition, to encourage the development of “for sale” Affordable Units, for each for-sale unit with an affordability deed restriction, the following points will be provided for deed restrictions consistent with Paragraph D1:
  - (i) 3.0 additional points for very low income units;
  - (ii) 2.0 additional points for low income units; and
  - (iii) 1.0 additional point for moderate income units, subject to the limitations of Paragraph C5(e).

5. **Other Considerations.**

- (a) Points may be provided for any net increase in Affordable Units in the City constructed or provided by the developer of a Project (including through participation by the developer with the Lake Forest Redevelopment Agency) through any combination of housing units which are affordable to Moderate, Low, or Very Low Income Households, including, but not limited to:
  - (i) Apartments, including the conversion of existing market rate units to Affordable Units, provided that the

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<sup>1</sup> A “Market Rate Community” shall be deemed to be any group Units within the boundaries of a Final Map in which the predominant Units are not Affordable Units.



Developer assumes all tenant relocation obligations created by law and in effect on the date of the conversion;

- (ii) For sale housing, including the conversion of off-site existing market rate rental or for-sale units to Affordable Units with recorded Affordable Housing Covenants, provided that the Developer assumes all tenant relocation obligations created by law and in effect on the date of the conversion;
  - (iii) The inclusion of Second Units on lots within the Project (all Second Units shall be deemed to be "Moderate" units).
- (b) All "points" are cumulative, with a single Affordable Unit receiving points for all criteria which it meets, except as expressly provided within this Plan.
  - (c) An additional one (1.0) point shall be provided for a Second Unit. However, a Second Unit may have a total of no more than two (2.0) points, and no points shall be granted for the primary unit on any lot containing a Second Unit. No more than 25% of the total Affordable Units for a Project may receive Second Unit credit
  - (d) Moderate Income Affordable Units may account for no more than one-third (1/3) of the total number of "points" provided to a Project.
  - (e) An on-site for-sale unit sold to a Moderate Income Household does not require an Affordable Housing Covenant (unless the unit is converted from existing housing), provided that the additional 1.0 point available under Paragraph C4(c) for for-sale moderate income units shall not be provided to any Affordable Unit unless an Affordable Housing Covenant is recorded.
  - (f) In calculating aggregate points earned by a given Project, fractions equaling one half (0.5) or greater shall be rounded to the next highest whole number. This rounding shall not apply with respect to the points earned by any individual Affordable Unit.
  - (g) Senior Units receiving points under this Plan may account for no more than one third (1/3) of the Affordable Units



provided by a Project, provided that Senior Units may be transferred between Projects if: (i) the aggregate cap on Senior Units among all Projects is not exceeded as a result of any transfer; and (ii) the City determines that the transfer of Senior Units will further the goals of the Housing Element, the Affordable Housing Implementation Plans for the Projects involved, and this Plan.

**D. Other Terms and Conditions.**

1. **Term of Affordable Housing Covenants.** The affordability restrictions contained in Affordable Housing Covenants will commence with the first occupancy of the Affordable Unit by a Very Low, Low, or Moderate Income Household and will terminate in thirty (30) years, except when sources of funding or applicable laws dictate longer periods of affordability restriction.
2. **Related Calculations.** Calculations related to qualification shall include:
  - (a) For units not otherwise required by the funding sources to meet the Housing Rental Cost identified in California Health and Safety Code Section 50053, as may be amended from time to time, the Housing Rental Cost shall not be greater than the following amounts:
    - (i) For Moderate Income Households: 30% of 120% of the area median income adjusted for family size appropriate for the unit;
    - (ii) For Low Income Households, 30% of 80% of the area median income adjusted for family size appropriate for the unit;
    - (iii) For Very Low Income Households, 30% of 50% of the area median income adjusted for family size appropriate for the unit.
  - (b) For units not otherwise required by the funding sources to meet the Housing Purchase Cost identified in California Health and Safety Code Section 50052.5, as may be amended from time to time, the Housing Purchase Cost shall not be greater than the following amounts:
    - (i) For Moderate Income Households: 35% of 120% of the area median income adjusted for family size appropriate for the unit;



- (ii) For Low Income Households, 30% of 80% of the area median income adjusted for family size appropriate for the unit;
    - (iii) For Very Low Income Households, 30% of 50% of the area median income adjusted for family size appropriate for the unit.
  - (c) Unless a source of funding for a particular Project or Affordable Unit dictates a lower standard, household size shall be deemed to equal two persons per bedroom. For example, a two bedroom dwelling unit could accommodate a 4-person household.
  - (d) Unless private mortgage insurance is required by the mortgage lender, mortgage interest rate assumptions shall assume a fully amortized 30-year fixed rate loan. No requirement for private mortgage insurance shall be assumed (due to the loan to value ratio based on the unrestricted home value), provided that a lender is willing to forego private mortgage insurance, and the mortgage interest rate assumed shall be no lower than the interest rate such a lender offers under such conditions.
  - (e) Down payment on for-sale Affordable Units shall be assumed to be 5% of the Affordable Unit sales price.
3. **Updating of Pricing Estimates.** Pricing estimates required by this policy may be updated to reflect then-current eligibility requirements at any time before the Affordable Units are sold.
4. **Payment of In-Lieu Fees and Alternative Means of Satisfying Obligations.** An affordable housing in-lieu fee may be paid by the developers of those Projects built upon Sites 5 and 6 in the OSA GPA, and by developers of Projects built upon Site 1 and other Projects with the consent of the City. The affordable housing in-lieu fee shall be \$12,000 per dwelling unit for each home within each Project. The fee is adjustable each year based on the latest California Consumer Price Index published by the State of California Department of Finance, with the January 2007 Consumer Price Index serving as a baseline. With the consent of the City, the developer of a Project may dedicate land to the City in partial or complete satisfaction of the developer's obligations under this Affordable Housing Implementation Plan to make available Affordable Units.



5. **Phasing.** Unless a Project's affordable housing obligations have been satisfied through payment of an in lieu fee or dedication of land as provided in Paragraph D4 above, the following process shall be followed to account for the provision of Affordable Units within the Project:

Before or with the submittal of the first application for a Site Development Permit (an "SDP") for a neighborhood or phase within a Project, the developer of that neighborhood or phase shall estimate the total number of market rate residential units which it anticipates to build on the Project site as part of the neighborhood or phase (the "Total Units"). This number may be revised, at the developer's discretion, upon the submittal of future SDPs to reflect increases or decreases in the Total Units proposed to be built in the neighborhood or phase.

- (a) With each application for an SDP, the developer shall provide an update to the Affordable Housing Implementation Plan submitted with the First Tentative Map Submittal Package pursuant to the Development Agreement for that Project, which shows the anticipated type (for-sale or rental), size, estimated price or rent, and location of each proposed Affordable Unit to be provided through the completion of the development contemplated by that SDP (an "SDP Cycle"). Additionally, the developer shall indicate the number of "points" that it shall earn upon the completion of the Affordable Units within that SDP Cycle. The Affordable Housing Plan may be revised during the course of the SDP Cycle to reflect updated assumptions.
- (b) Building permits must be issued for Affordable Units which will generate one-fourth (25%) of the total required affordable housing "points" before the issuance of building permits beyond 45% + 1 of the then current anticipated number of Total Units.
- (c) Building permits must be issued for Affordable Units which will generate an additional one-fourth (for a total of 50%) of the total required affordable housing "points" before the issuance of building permits beyond 65% + 1 of the then current anticipated number of Total Units.
- (d) Building permits must be issued for Affordable Units which will generate an additional one-fourth (for a total of 75%) of the total required affordable housing "points" before the



issuance of building permits beyond 80% + 1 of the then current anticipated number of Total Units.

- (e) Building permits must be issued for Affordable Units which will generate an additional one-fourth (for a total of 100%) of the total required affordable housing "points" before the issuance of building permits beyond 97% + 1 of the then current anticipated number of Total Units.
6. **Rehabilitation of Offsite Units.** No points shall be awarded for any offsite unit until and unless the unit has been rehabilitated to meet all codes and standards applicable to new units.
  7. **Construction and Design Standards for Affordable Units.** Affordable Units shall be designed and constructed so as to be substantially equivalent to the base-level market rate units of a similar product type within the Project with respect to design, appearance, materials, finished quality, and interior amenities.
  8. **Siting of Affordable Units.** If Affordable Units are part of a larger market rate neighborhood or development within a Project, the Affordable Units shall be dispersed throughout the neighborhood or development. This paragraph shall apply only to for-sale Affordable Units, and not to rental units.
  9. **Reporting and Monitoring of Compliance.** The owner of any Affordable Unit shall comply with the requirements of California Health & Safety Code Section 33418, including but not limited to the submission of an annual report, with respect to the Affordable Unit as though Section 33418 applies to the Affordable Unit, regardless of whether Section 33418 actually applies. With respect to rental Affordable Units, the owner of the units shall cause the information required by Section 33418 to be submitted on forms prescribed by the City, and any contract between the owner and the manager of the units shall require the manager to comply with the affordability requirements and standards established by this Affordable Housing Implementation Plan and applicable law. The owner of any Affordable Units shall provide the City with the name and qualifications of any proposed manager of the Affordable Units, and shall not employ or retain a manager not approved by the City, provided that the City's approval shall not be unreasonably denied, and further provided that the City shall not disapprove the following managers: (i) Shea Properties; (ii) Jamboree Housing Corporation; (iii) Bridge Housing; (iv) KDF Communities; (v) Steadfast Companies; (vi) Affirmed Housing Group; (vii) Pacific West Companies; (viii) AF Evans; (ix) Simpson Housing LLP; and (x)



Fairfield Residential LLC. The City shall have the right to audit any information submitted by the owner of an Affordable Unit, and the owner shall pay the cost of such audit if such information is submitted on an improper form. With respect to owner-occupied Affordable Units for which an Affordable Housing Covenant is recorded, the developer of such units shall cause a condition to be included in the Affordable Housing Covenant requiring that the information required by Section 33418 be submitted to the City in connection with any subsequent sale of the Affordable Unit.

10. **Maintenance Standards for Rental Affordable Units.** Owner shall comply with all provisions of the covenants, conditions and restrictions (CC&R's) for the rental property, approved by the City as part of the implementation of the Project, including the property maintenance requirements set forth in the CC&R's. The CC&R's shall provide that if property maintenance deficiencies are not corrected following notice from the City to Owner (or any successor in interest), the City may perform such repairs or maintenance as may be necessary, and may recover the cost of such work from Owner.

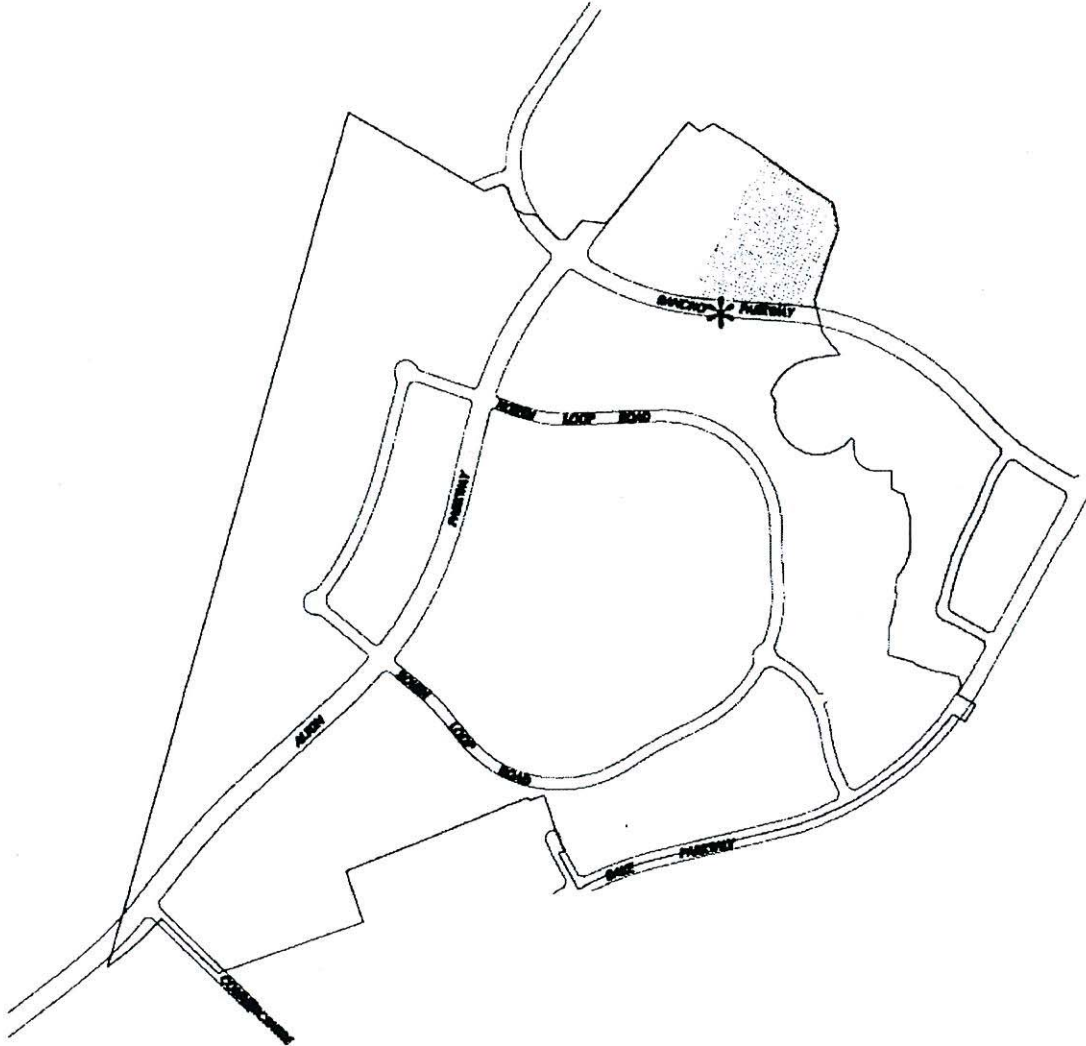


**EXHIBIT C-1**

**Affordable Site**



Exhibit C-1  
AFFORDABLE SITE



Scale: 1"=1,000'

LEGEND



PROVISION OF ACCESS AS GENERALLY  
SHOWN OFF OF RANCHO PARKWAY.



AREA WITHIN WHICH AFFORDABLE HOUSING  
IOD MAY BE LOCATED. THE NUMBER OF  
ACRES SHALL BE DETERMINED IN  
ACCORDANCE WITH SECTION 8.23.

NOTE: ALL STREET CONFIGURATIONS ARE CONCEPTUAL

DATE: 05-20-2010



**EXHIBIT D**

**Assignment and Assumption Agreement**

EXHIBIT D

Assignment and Assumption Agreement



**EXHIBIT "D"**  
**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**ASSIGNMENT AND ASSUMPTION OF SPECIFIED  
RIGHTS AND OBLIGATIONS UNDER THE DEVELOPMENT AGREEMENT  
BETWEEN THE CITY OF LAKE FOREST AND SHEA BAKER RANCH  
ASSOCIATES, LLC**

This Assignment and Assumption of Specified Rights and Obligations under the Development Agreement between the City of Lake Forest and Shea Baker Ranch Associates LLC ("Assignment and Assumption Agreement") is entered into as of \_\_\_\_\_, 20\_\_ ("Effective Date"), by Shea Baker Ranch Associates, LLC ("SBRA"), a California limited liability company, and \_\_\_\_\_ ("Assignee").

**RECITALS**

- A. SBRA has entered into that certain Development Agreement, dated \_\_\_\_\_, 2010 by and between the City of Lake Forest ("City"), on the one hand, and Shea Baker Ranch Associates, LLC, on the other hand (the "Development Agreement") for certain real property consisting of approximately 386 acres of land located in the City, more particularly described in Exhibit "A" ("Property").
- B. This Assignment and Assumption Agreement is entered into pursuant to Section 13.3 of the Development Agreement.
- C. SBRA hereby conveys to Assignee that portion of its interest in the Property which is set forth in Paragraph 1 below (the "Assignment of Property").
- D. In connection with the Assignment of Property, SBRA hereby conveys to Assignee certain rights (set forth in Paragraph 2 below) under the Development Agreement (the "Assignment of Rights").
- E. In connection with the Assignment of Property, SBRA hereby delegates to Assignee certain obligations (set forth in Paragraph 3 below) under the Development Agreement (the "Delegation of Obligations").
- F. This Assignment and Assumption Agreement is intended to fulfill the requirements of Section 13.3 of the Development Agreement and to serve as notice to the City of Lake Forest of the Assignment of Property, the Assignment of Rights, and the Delegation of Obligations.
- G. As of the Effective Date of this Assignment and Assumption Agreement, Owner is not in Major Default under the Development Agreement.



*[Note: If Owner is in Major Default, the consent of the City is required.]*

## **AGREEMENT**

SBRA and Assignee agree as follows:

1. Assignment of Property. The Assignment of Property pertains to and is limited to that portion of the Property described as follows (the "Transferred Property"):

*[Insert description of Transferred Property by tract, parcel, and/or lot number]*

2. Assignment of Rights. In connection with the conveyance of the Transferred Property, SBRA hereby assigns to Assignee the following rights under the Development Agreement:

- a. The right to build \_\_\_\_ residential units.
- b. The right to build \_\_\_\_ square feet of commercial structures.
- c. SBRA's vested right to complete the development of the Transferred Property pursuant to the "Development Plan" defined in the Development Agreement.
- d. The right to \$\_\_\_\_\_ in City Facilities Fee Credit, \$\_\_\_\_\_ in Sports Park Fee Credit, \$\_\_\_\_\_ in FCPP Fee credit, \$ \_\_\_\_\_ in other credit toward *[specify other Development Impact Fee]*, as those terms are defined in the Development Agreement.
- e. The following right to reimbursement as provided in the Development Agreement:

*[Insert the basis for and the amount of (or applicable formula) the reimbursement.]*

3. Assumption of Obligations. SBRA hereby conveys to Assignee and Assignee expressly and unconditionally agrees to assume all duties and obligations of SBRA under the Development Agreement remaining to be performed with respect to the Transferred Property on the effective date of this Assignment and Assumption Agreement.
4. Execution. SBRA and the Assignee have signed this Assignment and Assumption Agreement on the dates indicated below next to their respective signatures.



**SBRA:**

Shea Baker Ranch Associates, LLC,  
a California Limited Liability Company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Assignee:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT E**

**Development Impact and Other Fees**

**EXHIBIT E**

**Development Impact and Other Fees**



## Exhibit E

### DEVELOPMENT IMPACT AND OTHER FEES

**CITY FEES:** None

**DA FEES:**

FEE	LAND USE	FEE BASIS	FEE SCHEDULE
City Facilities	Residential	per unit	\$27,365
LFTM (1)	Varies	Varies	TBD
School Facilities	Residential	per unit	\$8,540

**OTHER AGENCY FEES:** Effective July 1, 2009

**FCPP (2)**

FOOTHILL CIRCULATION PHASING PLAN FEE PROGRAM		
LAND USE	FEE BASIS	FEE SCHEDULE (Zone 2)
Single Family	per unit	\$3,340.00
Multi-Family	per unit	\$2,670.00
Non Residential	per sq. ft.	\$3.00

**FE**

FOOTHILL EASTERN TRANSPORTATION CORRIDOR		
LAND USE	FEE BASIS	FEE SCHEDULE (Zone A)
Single Family	per unit	\$4,764.00
Multi-Family	per unit	\$2,782.00
Non Residential	per sq. ft.	\$6.62

**SCR**

SANTIAGO CANYON ROAD FEE PROGRAM		
LAND USE	FEE BASIS	FEE SCHEDULE (Lake Forest)
Single Family	per unit	\$513.62
Multi-Family	per unit	\$411.21
Non Residential	per sq. ft.	\$0.45

**Footnotes:**

- (1) LFTM has five categories of land uses. Total LFTM Fee to be determined based on Owner's proportionate share of overall cost of LFTM improvements of \$14,850,000 as determined pursuant to Sec. 7.19.030 of the City's LFTM Ordinance and subsequently allocated and paid pursuant to Sec. 7.19.040.
- (2) Pursuant to Section 8.26.2 and Exhibit F of the Development Agreement, Owner shall be entitled to apply Owner's FCPP Fee credit (in the amount of \$7,511,634.27) toward one-half of the FCPP Fee payable for each Unit in the Project until the FCPP Fee credit is exhausted.



**EXHIBIT F**

**Fee Sharing Agreement**

**EXHIBIT F**

**Fee Sharing Agreement**



## AGREEMENT FOR MANAGEMENT OF THE FOOTHILL CIRCULATION PHASING PLAN WITHIN THE CITY OF LAKE FOREST

THIS AGREEMENT is made and entered into this 20th day of JULY, 2010 ("Agreement") by and between the CITY OF LAKE FOREST ("**City**"), a California municipal corporation, and the COUNTY OF ORANGE ("**County**"), a political subdivision of the State of California. The County and City shall sometimes be referred to separately as a "Party" and collectively as the "Parties".

### RECITALS

A. The Foothill Circulation Phasing Plan ("**FCPP**") is a major thoroughfare and bridge fee program established by the County Board of Supervisors on October 14, 1987, by Ordinance 7-9-316 and Resolution No. 87-1396 and its accompanying program documents ("**FCPP Program**"). The FCPP was established to provide for the early construction of a regional road network in the foothills of South Orange County in response to considerable development in the area. The County administers the FCPP and funds projects that were approved by the Board of Supervisors at the formation of the program. The FCPP road fee program has two major components. The first component of the FCPP established fees within the area of benefit that are collected at the time a building permit is issued. The County collects FCPP fees in unincorporated areas. Cities within the area of benefit are required by their incorporation agreements to collect FCPP fees on behalf of the County and transfer those fees to the County. The second component of the FCPP required major landowners through development agreements to provide for early contribution of FCPP funding prior to the issuance of building permits as well as dedication of necessary rights-of-way. Early contributing landowners are those that have agreed to provide moneys or to obtain debt financing for the implementation of the Backbone I and Backbone II systems described in the FCPP Program ("**Participating Landowner**"). In exchange, Participating Landowners receive reduced FCPP fees. Participating landowners have also entered into fee credit agreements with the County providing partial credit for FCPP fees owed at the time of building permit issuance.

B. All but five FCPP projects have been fully completed and/or fully funded. The extension of Alton Parkway through the City of Irvine and the City represents two of the remaining projects as it will be completed in two phases. The County intends to construct the Alton south extension from Commercentre Drive to Irvine Boulevard ("**Alton South**") with FCPP funds and other funding sources. The City intends to construct the Alton north extension from Commercentre Drive to Towne Centre Drive ("**Alton North**"). In addition to Alton North, three FCPP intersection improvements ("**Intersections**") remain to be constructed within the City. Alton North and the Intersections are generally depicted on Exhibit A (collectively "**City Projects**"). The Parties acknowledge that the FCPP program is currently underfunded with insufficient current funds to fully cover the City Projects. The Parties previously entered into Cooperative Agreement No. D10-006 (which is incorporated by this reference), which transferred \$792,500 from the County to the City for the design of Alton North. In addition to Cooperative Agreement No. D10-006, the Parties intend to provide funding for City Projects with future FCPP fees that will be collected at the time that building permits are issued within the entire FCPP area of benefit ("**FCPP Fees**"). FCPP Fees does not include FCPP funds



generated by County community facility districts. The Parties acknowledge that the City has more developable land than its surrounding jurisdictions within the FCPP area of benefit, that a substantial portion of FCPP Fees will be generated within the City, and that the City Projects are the only remaining incomplete and unfunded FCPP projects. In recognition of these facts and in order to expedite construction of the City Projects, the City is interested in receiving all FCPP Fees irrespective of whether the FCPP Fees are generated in or outside of the City. The County supports this concept and believes that this Agreement will expedite delivery of the City Projects thereby enhancing circulation improvements for all County residents.

C. The City has entered into several development agreements with landowners in the City and expects to enter into future development agreements with additional landowners. The City also expects to form new community facility districts on behalf of landowners within the City whereby those newly-formed CFDs will advance funds towards the FCPP and City Projects ("**City CFDs**"). Shea Baker Ranch Associates ("**SBRA**") is one of the major landowners in the City with which the City intends to enter into a development agreement and form a City CFD. On June 3, 1988, Baker Ranch Properties ("**BRP**") and the County entered into a development agreement prior to the incorporation of the City ("**1988 DA**"). SBRA is a successor to BRP and, as a result, has assumed a portion of BRP's property, entitlement, and FCPP obligations and rights under the 1988 DA. The 1988 DA required dedication of the right-of-way for Alton North and early contribution toward FCPP funding. The City assumed the County's role under the 1988 DA by operation of law upon the City's incorporation on December 20, 1991. The 1988 DA expired prior to BRP/SBRA's dedication of the right-of-way for Alton North. The City and SBRA intend to enter into a new development agreement ("**SBRA DA**") whereby SBRA, among other things, will immediately dedicate Alton North to the City so that the City may construct Alton North. The SBRA DA is incorporated by this reference, particularly Exhibit B and other provisions as they relate to the FCPP.

D. Based on the foregoing, this Agreement addresses the Parties intentions and obligations regarding the City's collection, use, and management of FCPP Fees and the City's obligation to construct or cause to be constructed the City Projects.

## **AGREEMENT**

NOW, THEREFORE, based upon the foregoing facts and recitals, which are acknowledged as true and correct and incorporated herein, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### **ARTICLE I** **CITY'S MANAGEMENT OF FCPP FEES**

1.1 County Administration and City Management of FCPP Fees. Except as provided within this Agreement, County will retain its authority to administer and oversee the FCPP and continues to have the sole discretion to determine future changes to the FCPP, including but not limited to FCPP fee adjustments, and City agrees to abide by all decisions of the County with



respect to the FCPP and FCPP Fees. The Parties acknowledge that the City will have the duties related to FCPP Fees as outlined in Section 1.2, including FCPP Fee collection, accounting, fee credits, and other related actions. Therefore, City agrees to abide by all FCPP policies and regulations set forth in the FCPP Program and this Agreement. Should City modify, change or waive any FCPP Program Document requirements or FCPP Fees, City shall be fully responsible for said modification, change, or waiver and shall bear all related costs and obligations.

## 1.2 Collection, Transfer and Use of FCPP Fees.

- (a) *Collection & Transfer.* City will continue to collect all FCPP Fees within the boundaries of the City at the time that building permits are issued, and it shall have no obligation to transfer such funds to the County subject to Section 1.4 of this Agreement. Any new collection of FCPP Fees by the County or by cities obligated to collect FCPP Fees on behalf of the County shall be forwarded by the County to the City for the City Projects, except that County will withhold sufficient FCPP Fees to pay for its annual FCPP program administration costs. The County's obligation to transfer FCPP Fees to the City includes the transfer of any remaining FCPP Fees after the completion and final accounting of Alton South.
- (b) *Fully Funded City Projects.* The City's use and the County's transfer of FCPP Fees shall continue until such time that the City Projects are fully funded by FCPP Fees, City CFDs, and/or other sources of funding.
- (c) *Use of FCPP Fees.* The City has the discretion to use FCPP Fees on the City Projects, advance other funds for City Projects and reimburse itself with FCPP Fees and City CFDs, or use a combination of both options. The City agrees to use FCPP Fees only on the City Projects or to reimburse itself with FCPP Fees for advances of other funds for the City Projects. City FCPP expenditures and reimbursable FCPP work must comply with the FCPP Program, Said expenditures will be approved by a "district engineer" designated by the City and approved by the County for that sole purpose. The City shall use FCPP Fees only on the City Projects and shall not loan FCPP Fees for non-FCPP uses.
- (d) *Responsibility for City Projects.* The City shall be fully responsible for all City Projects, even when the City Projects are not fully funded by FCPP Fees due to a shortfall in the collection of FCPP Fees. The County has no financial or other obligation for the City Projects other than the transfer of FCPP Fees discussed in this Section. Furthermore, the County has no obligation to the City for FCPP fees uncollected prior to the effective date of this Agreement.

1.3 Establishment & Reporting of City FCPP Fund. City shall establish a separate interest bearing fund for the deposit of FCPP Fees. City agrees to comply with all applicable provisions of Government Code section 66484.3 and all reporting, expenditure and other state law requirements that govern the holding and expenditure of development fees, such as Government Code section 66001 *et seq.* City shall provide County with quarterly electronic reports generated in a Microsoft Excel format or other software as determined by County. Said reports will detail all of the fund's transactions and balances, including FCPP Fees received and expended, payments by City CFDs to the FCPP, and interest earned. FCPP fee credits reports shall detail all fee credit transactions and balances including relinquished fee credits and fee



credit assignments. Quarterly reports shall be filed with County within fifteen (15) days of the end of the quarter.

1.4 Construction of Alton South. During construction of Alton South, the County will supply the City with construction cost updates upon milestones of 30%, 60%, and 100%, inclusive of change orders.

1.5 Completion of City Projects and Termination of Agreement. At such time that all FCPP Fees, City CFDs, and other funding sources have entirely paid for the City Projects, the City shall stop collecting FCPP Fees and promptly transfer any remaining FCPP Fees to County. Upon this occurrence, this Agreement shall terminate except that Section 4.1 shall continue to survive the termination of this Agreement. The Parties acknowledge that this Agreement may continue for an undetermined time due to the timing of development and the limited development capacity in the FCPP area of benefit.

## **ARTICLE II CITY PROJECTS**

2.1 Construction of City Projects. City shall construct or cause to be constructed the City Projects, and it shall be responsible for all funding, FCPP shortfalls, and any acquisition of the City Projects. City shall act as lead agency in the design, permitting, public bid, award, and construction of City Projects, including the traffic signalization of Alton North and modifications to the Alton Parkway/Commercentre Drive intersection. City shall own, operate, and maintain the City Projects and be responsible for any associated mitigation following completion of construction. County shall have no obligation for the City Projects other than the obligations contained in this Agreement.

2.2 SBRA/County Cooperative Agreement. SBRA and the County entered into Cooperative Agreement D02-005 on February 26, 2002, and subsequently amended the term of that agreement to expire on December 31, 2010 (which agreement and amendment are incorporated by this reference), for the purpose of assigning roles and responsibilities for the design, permitting, and construction of Alton South and Alton North. SBRA acknowledges in the SBRA DA, and the County hereby acknowledges, that the responsibilities related to Alton North enumerated in the Cooperative Agreement will be superseded by the SBRA DA.

2.3 Reversion of Alton North Construction Obligation. As discussed in Recital C above, the City intends to enter into the SBRA DA whereby SBRA will dedicate the right-of-way for Alton North to the City so that the City may construct Alton North. The SBRA DA contains reversion provisions such that the construction obligation for Alton North can revert back to SBRA under certain circumstances. Should this reversion occur, this Agreement will continue in full force and effect. City shall be fully responsible for continuing to collect and receive FCPP Fees, and it shall fully fund Alton North as an acquisition project or in any manner agreed upon by SBRA and the City that is in compliance with the FCPP Program. An "acquisition project" means that should SBRA or another entity advance funds for and construct Alton North, the City shall reimburse SBRA or that entity with FCPP Fees, City CFDs, or other City funds for all related capital costs, and City shall acquire the improvements from SBRA.



### **ARTICLE III**

#### **FEE CREDITS & OUTSTANDING DEVELOPER OBLIGATIONS**

3.1 Fee Credit Agreements. City agrees to be bound by all fee credit agreements and fee credit assignments between the County and City landowners as if the City were a party to those fee credit agreements and fee credit assignments. The Parties intend this to mean that the City shall honor City landowners' fee credits and assignments which existed on or before the date of this Agreement, such that the City shall reduce a landowner's FCPP Fees in accordance with the applicable fee credit agreement. The County shall not have any obligation for outstanding fee credits within the City and shall not be obligated to fund those credits. Said fee credit agreements and fee credit assignments are incorporated by this reference, particularly Agreement D89-292 between the County and BRP.

3.2 Participating Landowners. The County and City agree to treat SBRA as a Participating Landowner such that SBRA's fees will be calculated at the rate charged to Participating Landowners at the time of building permit issuance. The County acknowledges that the responsibilities of SBRA related to FCPP Fees and credits shall be as set forth in the SBRA DA.

### **ARTICLE IV**

#### **GENERAL**

4.1 Indemnification & Hold Harmless City shall indemnify, defend with counsel approved by the County in writing, save and hold County and each of its elected officials, officers, directors, agents, and employees harmless from any and all claims, injuries, liabilities, actions, damages, losses, or expenses, including attorney's fees and costs, of every type and description to which they may be subjected arising out of any act or omission of its employees, representatives, agents, and independent contractors in connection with the implementation of the actions described in this Agreement.

County shall indemnify, defend with counsel approved by the City in writing, save, and hold City and each of its elected officials, officers, directors, agents, and employees harmless from any and all claims, injuries, liabilities, actions, damages, losses, or expenses, including attorney's fees and costs, of every type and description to which they may be subjected arising out of any act or omission of, its employees, representatives, agents, and independent contractors in connection with the County's administration of FCPP. Notwithstanding this paragraph, County shall not be liable for any City modifications, changes or waivers of the FCPP Program, and County shall not indemnify, defend, or hold harmless City for any such modification, change or waiver.

4.2 Entirety & Amendments This Agreement contains the entire agreement between the Parties with respect to the matters provided for herein. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the Parties; no oral understanding or agreement not incorporated herein shall be binding on either of the Parties;



and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.

4.3 Severability If any part of this Agreement is held, determined, or adjudicated to be illegal, void, or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

4.4 Notices Notices or other communications which may be required or provided under the terms of this Agreement shall be given as follows:

CITY OF LAKE FOREST  
Public Works Department  
25550 Commercentre Drive, Suite 100  
Lake Forest, CA 92630  
Attn: Director of Public Works  
Fax: (949) 461-3511

COUNTY OF ORANGE  
OC Public Works  
PO Box 4048  
Santa Ana, CA 92702-4048  
Attn: Director/Chief Engineer OC Engineering  
Fax:

All notices shall be in writing and deemed effective when delivered in person or deposited in the United States mail, first class, postage prepaid and addressed as above. Notwithstanding the above, the Parties may also provide notices by facsimile transmittal, and any such notice so given shall be deemed to have been given upon receipt during normal business hours or, in the event of receipt after business, on the following business day. Any notices, correspondence, reports, and/or statements authorized or required by this Agreement, addressed in any other fashion shall be deemed not given.

4.5 Waiver of Jury Trial Each Party acknowledges that it is aware of and has had the opportunity to seek advice of counsel of its choice with respect to its rights to trial by jury, and each Party, for itself and its successors, creditors, and assigns, does hereby expressly and knowingly waive and release all such rights to trial by jury in any action, proceeding or counterclaim brought by any Party hereto against the other (and/or against its officers, directors, employees, agents, or subsidiary or affiliated entities) on or with regard to any matters whatsoever arising out of or in any way connected with this Agreement and/or any other claim of injury or damage.

4.6 Attorney's Fees In any action or proceeding to enforce or interpret any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the Parties shall bear their own attorney's fees, costs and expenses.

4.7 Governing Law & Venue This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394.



4.8 Counterparts This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

4.9 Breach The failure of City or County to comply with any of the terms and conditions of this Agreement shall be a material breach of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement be executed on the date first above written.

City of Lake Forest,  
A Municipal Corporation

By:

  
\_\_\_\_\_  
Peter Herzog, Mayor


Date: 7/6/10

ATTEST:

  
\_\_\_\_\_  
Stephanie D. Smith, CMC City Clerk

Date: 7/6/10

APPROVED AS TO FORM:

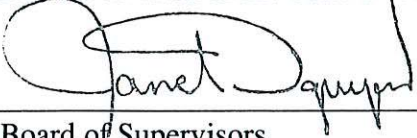
By:   
\_\_\_\_\_  
Best Best & Krieger LLP, City Attorney

Date: 7/10/10



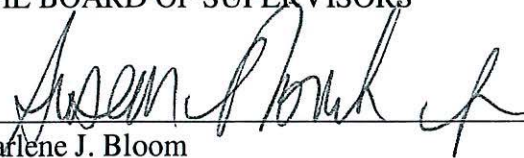
IN WITNESS WHEREOF, the parties hereto have caused this Agreement be executed on the date first above written.

COUNTY OF ORANGE,  
A political subdivision of the State of California

By:   
Chair, Board of Supervisors

Date: 7-20-10

SIGNED AND CERTIFIED THAT A  
COPY OF THIS DOCUMENT HAS BEEN  
DELIVERED TO THE CHAIRMAN OF  
THE BOARD OF SUPERVISORS

  
Darlene J. Bloom  
Clerk of the Board of Supervisors of  
Orange County, CA



Date: 7-20-10

APPROVED AS TO FORM:  
COUNTY COUNSEL  
ORANGE COUNTY, CALIFORNIA

By:   
Deputy

Date: 7/7/2010



## Exhibit A

### Remaining FCPP Projects within the City of Lake Forest

<u>Project/Limits</u>	<u>Type of Work</u>	<u>Estimated Cost</u>
Alton Parkway, Commercentre Drive to Towne Centre Drive	New road facility	\$10,600,000
El Toro Road at Jeronimo Road	Intersection improvement	\$491,520 *
El Toro Road at Toledo Way	Intersection improvement	\$324,026 *
Los Alisos Boulevard at Muirlands Boulevard	Intersection improvement	\$2,517,000 **

\*1987 dollars

\*\*2005 dollars



**EXHIBIT G**

**City's Long-Term Financing and Land Secured Debt Policy**

**EXHIBIT G**

**City's Long-Term Financing and Land Secured Debt Policy**



## **CITY OF LAKE FOREST LONG-TERM FINANCING POLICY**

### **INTRODUCTION**

The following policies and procedures are enacted in an effort to standardize the issuance and management of debt by the City of Lake Forest, the Lake Forest Redevelopment Agency, the Rancho Cañada Financing Authority, any other component units of the City (hereinafter referred to as "City"). The primary objective is to establish conditions for the use of debt, to minimize the City's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting and to maintain financial flexibility for the City. The policies apply to all debt issued by the City including capital leases, special tax and assessment debt and conduit debt.

### **PURPOSE**

The purpose of this Policy is to establish guidelines and procedures for the issuance of bonds and the incurrence of debt by the City and on related issues. Typically, debt is incurred as a result of issuing bonds for public purposes. Generally, these bonds are tax-exempt, meaning that investors (purchasers of the bonds) do not have to pay federal or state income taxes on the interest they earn from the bonds. There are also debt obligations in forms other than bonds. Certificates of participation and secured loans are examples of other forms of debt obligations.

The policies set forth herein reflect the minimum standards under which the City will make use of long-term debt, including Community Facilities Districts and Assessment Districts, to finance public facilities and fund services permitted by the applicable laws of the State of California. The City may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The City may, in its discretion and to the extent permitted by law, waive any of the policies set forth herein in particular cases. Exceptions to such policies will be considered that are consistent with current public financing practices when structuring bond refundings, when considering unique bond structures (e.g., escrowed bond proceeds or variable rate bonds) or when additional credit enhancements (e.g., bond insurance or credit supports) are present.

The goals and policies set forth herein may be amended at any time and from time to time by the City.

### **USE OF LONG-TERM FINANCING**

The City will consider the use of debt financing only for its one-time capital improvement projects and only under the following circumstances:



1. When the project's useful life will exceed the term of the financing.
2. When the projected revenues or funding sources will be sufficient to service the long-term debt.

Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures, however, the City may use assessments and other special taxes to pay costs of ongoing maintenance and special services. The issuance of short-term cash-flow instruments (tax anticipation notes, revenue anticipation notes, tax/revenue anticipation notes) are permitted only when available cash is or will be insufficient to meet working capital requirements. Such cash-flow instruments are not permitted for the purpose of arbitrage earnings.

The City will consider the following criteria to evaluate pay-as-you-go financing:

1. Current revenues and adequate fund balances are available so project phasing can be accomplished.
2. Additional debt service would adversely affect the marketability of existing debt.
3. Market conditions are unstable or present difficulties in marketing debt instruments.

The City will consider the following criteria to evaluate long-term financing:

1. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed with investment grade credit ratings.
2. Market conditions present favorable interest rates and demand for City financing.
3. The project is mandated by state and/or federal requirements and current resources are insufficient or unavailable.
4. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.
5. The life of the project or asset to be financed is 10 years or longer.

#### **DIRECT AND INDIRECT DEBT**

Bonds may be classified as either direct or indirect obligations. For purposes of this Policy, a "direct" obligation exists when the City and the General Fund are directly liable for debt repayment. An "indirect" obligation exists when the City, or one of its subordinate entities, has issued the debt, but neither the City nor the General Fund revenues are directly liable for debt repayment. In other words,



the debt agreements are structured so that the bond obligation does not provide that the City will be liable for repayment of the debt, nor does the obligation include a pledge of the City's General Fund revenues to secure the debt. Indirect debt obligations are recorded within the City's financial statements, however, and the City may have complete administrative oversight responsibility for the debt.

Examples of typical indirect obligations include tax allocation bonds issued by the Lake Forest Redevelopment Agency (when only the tax increment revenue is pledged to repay the debt); lease-revenue bonds (when only the revenues received under the lease agreements are pledged to repay the debt, although the title to the leased property may be pledged to secure the debt), certificates of participation and revenue bonds (when secured entirely by revenues from enterprise fund operations). Note, however, that any of these types of obligations may be structured as direct debt, if the debt agreements include promises by the City to repay the debt, or pledges General Fund revenues.

### SPECIAL ASSESSMENT AND COMMUNITY FACILITIES DISTRICT BONDS

Non-obligatory debt is debt in which the City has no obligation to repay, but issues the debt to facilitate a project that has public benefits. Some examples of this category of debt include special assessment districts, Community Facilities Districts ("CFDs"), business improvement districts and parking districts. For those bonds in this category that contain value-to-lien ratio, they should be equal to or greater than 4:1, unless additional security is provided as further described in this policy statement.

### CONDUIT FINANCING

Another category of bonds or debt is commonly referred to as "conduit bonds." Conduit financing bonds are bonds issued by a public agency for a public purpose, often as tax-exempt bonds, but the proceeds are loaned to a third party "borrower" who is responsible for debt repayment. Conduit bonds typically are used for housing or industrial development, or to construct facilities or to provide capital to operate or manage programs of non-profit corporations. A public hearing pursuant to the Tax Equity and Fiscal Responsibility Act (TEFRA) usually is required when conduit bonds are issued. Some examples of this category of debt include industrial development bonds, mortgage revenue bonds and hospital revenue bonds.

### REFUNDING

Refunding (also referred to as refinancing) of existing bonds can occur for a number of reasons, such as, to achieve savings on debt service costs, restructure outstanding debt, in conjunction with issuance of additional debt and/or to change burdensome bond covenants. The City shall evaluate each proposed refunding and determine if the refunding is in the best interest of the City. In the case of a refunding to achieve savings on debt service costs, the minimum savings shall be three percent (3%) on a present value basis. The City Council may approve a refunding of bonds for other reasons than debt service savings, such as changing out dated or burdensome bond covenants, and restructuring for the purpose of leveling debt service payments.